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SOCIAL EDUCATION

OFFICIAL JOURNAL, NATIONAL COUNCIL FOR THE SOCIAL STUDIES

SPECIAL ISSUE

ECONOMIC EDUCATION

Prepared in cooperation with the

Joint Council on Economic Education

including

Edwin G. Nourse's analysis of

persistent problems in our economy

and

reports on classroom activities at all grade levels

plus

the regular departments

SOCIAL EDUCATION is indexed in EDUCATION INDEX

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VOL. XVII NOVEMBER, 1953 NO. 7

SOCIAL EDUCATION

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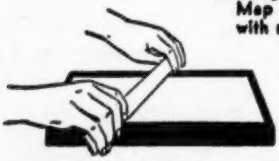
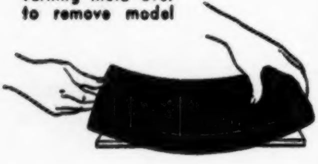


Turning mold over to remove model



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Editor's Page

THE JOINT COUNCIL ON ECONOMIC EDUCATION

A FEW weeks ago we visited the headquarters of the Joint Council on Economic Education, which are located on the 26th floor of an office building at 444 Madison Avenue in the heart of Manhattan. We reached New York on an overnight train, arriving early in the morning, and, having only a light briefcase to carry, decided to kill time by walking from Pennsylvania Station to the Joint Council offices.

Our route led us across Times Square, which, in the early 1800's, when John Jacob Astor bought it and other surrounding property for a few thousand dollars, was nothing but farmland. Today, it is worth hundreds of millions, and one will look almost in vain for even a single blade of grass to prove that this city of stone and steel and cement does, indeed, rest on the good earth. John Jacob Astor was a shrewd businessman who understood his geography and economics better than most, but it is certain that even his prevision gave him no hint of the enormously complex economic system that would in such a relatively short time emerge from the simple farming and trading world of the early nineteenth century. Neither Astor nor the other citizens of old New York ever thought in terms of a systematic education in economics, and it is certain that no one in his time dreamed that the day would come when educators would feel the need for an organization to promote this type of education.

The walk through Times Square and, after we reached our destination, the view across the city, was an appropriate introduction to the subject we had come to discuss; namely, the work of the Joint Council on Economic Education. For it was perfectly clear that the millions of people who pour in and out of New York's offices every day, and the many additional millions who live and work in other cities and in the towns and villages and farming communities of America, cannot from direct experience begin to understand the most elementary lessons about the complex and highly interdependent economic system of which they are a part. The "persistent problems in the American economy" that Dr. Nourse analyzes in this issue of *Social Education* will be understood—and solved—only by informed citizens, the products, if you will, of a carefully organized educational program.

Why the Joint Council Was Formed

WE SPENT some time with Dr. G. Derwood Baker, who some years ago joined the faculty of New York University as professor of education and who, more recently, organized the Joint Council on Economic Education, to which, as Director of the program, he has devoted a substantial part of his time and effort during the past five years. Dr. Baker is one of a large number of educators who believe that effective citizenship is dependent upon an understanding of economics. But let him state this conviction in his own words:

"In today's world," he recently wrote, "knowledge of economic realities is a requisite of capable citizenship. In his role as worker, salesman, manager, consumer, and voter, the average individual is daily called upon to make judgments that affect the welfare of the economy as a whole. These are decisions that are made at the sales counter, in union meetings, at management conferences, before trade associations, as a member of civic organizations, and at the polls. The wisdom or lack of wisdom, of these decisions will depend on the breadth of understanding of the principles involved and of the probable outcome of the various alternative paths of action. These decisions also will be conditioned by the social

In Appreciation

This issue of *Social Education* was prepared in cooperation with the Joint Council on Economic Education. Mr. M. L. Frankel, associate director of the Council, carried a major load of the work. In behalf of the National Council for the Social Studies, we thank him, the other members of the Joint Council staff, and the contributors whose work appears on the following pages.

philosophy and economic convictions of the individual.

"Many believe," Dr. Baker added, "that the survival of human freedom rests upon the ability of the American people to understand, value, and protect the basic principles of freedom and personal initiative upon which this society is founded."

The rulers in the Kremlin seem to grasp this essential fact much more clearly than most of us seem to grasp it. To be sure, the depression they anticipated as a prelude to economic collapse did not materialize on schedule, but the Communist leaders continue to believe the breakdown will come, admitting only that their timing was in error.

And how well are we, the American people, prepared to prove the Kremlin wrong? Not well at all if the evidence accumulated from sources of tests has any validity. In one of these tests, for example, a group of high school students was asked what they thought was the best way to raise living standards. Only 43 percent answered "by increasing production"; the remaining 57 percent agreed that the solution was to "get more of the company's income."

We have, then, on the one hand, an admitted need for greater emphasis upon economic education (NEA's Educational Policies Commission has declared economic efficiency to be one of the four major purposes of American education). And we have, on the other hand, evidence of woeful and dangerous ignorance about our economic system. It was this situation, in brief, that in 1948 led to the organization of the Joint Council on Economic Education.

Organization and Program

FROM the beginning, the Board of Trustees has included representatives of business, labor, and agriculture, but the leadership of the Board has been purposely kept in the hands of professional educators—superintendents and principals, directors of curriculum, and classroom teachers. In addition, the Council has enjoyed the cooperation of a number of influential organizations, including the Brookings Institution, the Twentieth Century Fund, the Federal Reserve System, and the American Assembly.

The program of the Council has been centered in three different but complementary types of activity—workshops, cooperation with state and local councils, and the production of materials.

Workshops. The first workshop was held in the summer of 1948 at New York University with delegates in attendance from the United States Office of Education, seven different state departments of education, and thirty-three public school systems. During the ensuing years the program expanded rapidly until by 1953 it had sponsored eighty-nine workshops in various parts of the country with an attendance of more than 4,500 administrators and classroom teachers. These workshops have been "leadership training centers." From them, educators have returned to their own communities with new ideas for promoting economic education. In many cases, an important outcome of a workshop has been the organization of a state or local council.

State and local councils. At the present time, there are twenty-three state and local councils. They are completely autonomous, with organizations roughly parallel to that of the parent body. They carry on in-service training programs, some of them with full-time directors; they work with civic groups and state and local social studies organizations; and, in some cases, they prepare resource material for classroom teachers. In Baltimore, Maryland, for example, 927 teachers and supervisors participated voluntarily in a training program—440 of them for two full semesters, 150 for three full semesters. As another example of the type of activity carried on by state and local councils, we cite The Upper Mid-West Council on Economic Education with headquarters at the University of Minnesota. To date, this group has prepared and published five resource units for teachers in secondary schools under the general heading "You and Economic Issues."[1] These are merely two illustrations of many that could be mentioned.

Preparation of teaching material. In addition to the workshop program and aid to state and local councils, the Joint Council on Economic Education cooperates in the production of teaching aids. Perhaps the most ambitious step it has as yet taken in this direction is an agreement with the National Council for the Social Studies to develop jointly a series of teachers guides bearing the general title "Economic Life Series." The first of these, *A Teacher's Guide to World Trade,* will be published in November, 1953.[2] This and subsequent bulletins in the series will

(Concluded on page 322)

[1] For further information, write to the Director in Economic Education, 218 Burton Hall, University of Minnesota, Minneapolis 18, Minnesota.

[2] $1.00 per copy. Write to the Executive Secretary of the National Council for the Social Studies, 1201 Sixteenth Street, N.W., Washington 6, D.C.

Persistent Problems of the American Economy

Edwin G. Nourse

For some time curriculum planners and teachers of the social studies have felt the need for an authoritative analysis of economic problems that would serve as a guide in selecting and developing learning experiences for high school youth. In response to this need, the Joint Council on Economic Education commissioned Dr. Edwin G. Nourse to analyze the persistent problems of the American economy. It is anticipated that this statement will serve as a problem-finding list for those teachers who are interested in preparing youth for citizenship in the world of today and tomorrow.

Dr. Nourse was formerly Chairman of the President's Council of Economic Advisors, Vice President of The Brookings Institution, and professor of economics at several universities, including the University of Pennsylvania. One of the country's distinguished scholars, he is now a consulting economist in Washington, D.C., and Vice Chairman of the Joint Council on Economic Education. Among the latest of his numerous publications are *The 1950's Come First* (Henry Holt, 1951) and *Economics in the Public Service* (Harcourt, Brace, 1953).

PROBLEM" has become, for educationists, a word of art. In their usage, it has come to signify the doorway through which we, all of us—but adolescents in particular—may pass from the shadowy chamber of the mysterious and the frustrating into the bright outer world of understanding, adjustment, and social contribution. The child turns to his elders with the question: "What is that?" Or "How come?" Or "Why did this happen?" Or "When will that happen again?" As a novice at life, he sees it only as a jumble of episodes or discrete phenomena. But understanding of life or any of its major aspects is achieved only when we see it as a process whose parts have meaningful relations one to another. At first the child takes all the answers he gets from adults as authentic explosions of knowledge. Later, he perceives that some of these answers are utter duds, whereas others are the "trigger mechanisms" that start chain reactions, releasing the atomic power of original and even creative thought. From the idle question, the learner proceeds to the propounding of significant problems—about his world and his position in it.

On the threshold between infancy and adulthood, the high school student begins to sense and then to come to grips with problems of an economic nature. Economics has been defined as "the science that treats of the social activities of mankind in the ordinary business of making a living." At high school age, the erstwhile carefree dependent begins to realize that he is going to have to deal responsibly with the problem of supporting himself and prospective dependents. One youth approaches this new way of life with timid dread, seeing it as at best a baffling problem, possibly a struggle beyond his powers, or even a game which is already rigged against him. Another may approach his economic problems with cocky assurance in his own natural gifts, and still another with respectful confidence that the techniques which others have developed for dealing with these problems he can acquire in reasonable measure but only by study, by practice, and by thoughtful experiment.

To guide this study and help interpret this experience, the prospective member of our economic society should not only have the environmental conditioning of his family and those with whom he makes his first small transactions. He should find in his school a place where his spontaneously formulated questions about economic matters will be put in a meaningful context, perhaps restated or broken down so as to help him discover for himself the path along which he will need to proceed if he is to get more useful answers to other and more intricate economic problems as he goes along life's path.

If he is fortunate as to the school in which he

is enrolled and blessed as to the teachers to whom he is assigned, the youngster who is normally gifted or not appreciably handicapped may enter the economic world with a reasonable grasp of "what it is all about" and some appreciation of what will be expected of him. That is, he will have been "wised up" by his teachers and will take his place in the economic ranks without utopian dreams in his mind or a chip on his shoulder; without either defeatism or cynical resentment in his heart.

THE high school teacher, as mentor to the novice entering economic life, has the great advantage of knowing intimately the level of experience and the idiom of thought in which these boys and girls confront their first serious economic problems. He or she has the disadvantage, in most cases, of not having had training in the basic concepts and analytical methods of economics as good as the training received in methods of teaching. It is necessary, therefore, that some way be found through which the teacher can connect the real and spontaneous questions of the student with the organized knowledge about the economic process which has been developed by the economics profession. Stated from the other side, if formal economics is to achieve maximum usefulness by influencing the behavior of workers, citizens, and businessmen, it must find simplified ways of organizing its data analysis; it must state its generalizations in terms that are meaningful to the practical problems of economic life as met by people whose training in economics does not go beyond the high school. They are the group who will, in the last analysis, determine how well or ill our economy actually works.

Individual Problem and Social Problem

THE points at which the individual comes into active contact with the economic world are infinite in number. The economist would have an impossible task if he tried to deal with each of these situations on a "problem" basis. The high school or college teacher would have an impossible task if he or she tried to master enough of such answers to be prepared to meet the questions of students as they come to grips with their individual economic situations and puzzlements. It was with a realization of this fact that a leading educationist came to me as an economist and said, "Can't you give us some sound simplification of this field of knowledge? Do not economists recognize certain types of problems that recur again and again in basically similar form, whatever the minor differences of time or place or person? Can you not identify a dozen, or two dozen, or some manageable number of persistent economic problems that economists have identified and classified and analyzed so as to get generalizations or principles?"

As a try in this direction, I have undertaken to formulate a series of "persistent economic problems." Since the economist is dealing with "the economy" or with society in its economic aspects, the problem which he formulates will be the social problem rather than the individual problem or the company problem, or the community problem as it is put to the teacher by the high school student. In the end, however, these individual and small-group problems have to be worked out as parts of the functioning of the economy as a whole. Hence, I believe that a statement of persistent problems of the American economy may give high school teachers, and perhaps others, a frame of reference or a sort of finding list which will help them to discover, in the experience and thinking of those who have specialized in this field of analysis, the line of approach to answers for their own and their pupils' problems.

There is no thought that this document would serve as a syllabus for the high school teacher in economics or for the body of economic material that the whole high school staff would undertake to fit into the curriculum. On the other hand, the teacher who comes to grips with his own or his student's economic problems in a very immediate and local setting may perhaps through this outline be able to set them in a more adequate perspective. Thus, for example, what is at the moment labelled as "inflation" or "deflation" may be seen as an aspect of the spending and taxing programs of government, the production and bargaining activities of unions and management, or the credit operations of the local bank or the Federal Reserve System. It is hoped that the simplified but organized descriptions of the several parts of our business machinery may help to show personal and local problems in the context of the national economy and help the teacher to see how society's concern for both the stimulation and the regulation of productive activity must be balanced against the individual's need for both incentive and discipline.

The present venture does not include any attempt to state "principles" of economics by which these problems may be attacked. That would be a separate undertaking. Likewise, the

discussion of "values" as such lies outside the scope of this outline though two basic values are implicit throughout. One is the economist's prime and constant criterion—creating the most wealth from "scarce," that is, costly, resources. The other is that the reward to the productive resource shall be in proportion to the value of its contribution to the product so far as it can be measured or evaluated. One other (partly extra-economic) value is also assumed—maximum (orderly) freedom of choice for the individual.

THE dual character of any problem of human behavior may be illustrated quite simply. Let us take personal safety in an automobile age. The child has a personal problem of learning to cross the street only at intersections, to look both ways for moving vehicles, and to watch the signals at light-controlled corners. Only so can he avoid personal injury or possible death. The municipality has the problem of allowing traffic to move as freely as possible with a minimum of danger to life and property and at moderate cost of control. If it is to enable citizens to get to work; deal equitably with property values in downtown sections, along arterial highways, and in suburban communities; if it is to minimize suits for damages and keep the tax bills low, it must hire the right number of traffic policemen, install proper signals, redesign streets, formulate traffic regulations, and make reasonable provisions for off-street parking, private and perhaps public.

Similarly, the farmer has a host of problems about how to run his individual farm, whereas the citizens of New York City are interested in the day's milk delivery and the supply of fresh fruits and vegetables, and Washington is concerned about the nation's agricultural industry and its place in the trade and the peace of the world.

The worker's problem of gaining as satisfactory a place as possible in the economy and society's concern for making the most of the work force present possibly the most acute or far-reaching phase of our persistent economic problems. The individual worker wants not only to have as high a net income as possible and conditions of decency and dignity in his working surroundings, but also job security throughout his working lifetime and freedom from want after he retires. Society is concerned to develop the maximum efficiency of its working force, a thrifty contribution by workers to the process of maintaining our capital supply, and intelligent participation in the perfecting of the business institutions through which our economy operates, so that there shall be continuous and efficient employment.

On the side of capital, the individual is concerned in the problem of how much to save, how to invest his savings, and how to secure borrowed funds on reasonable terms when he needs them. The banks are interested in the business problems of taking in savings, making loans that are safe, having cash on demand, and making a profit on the business, whereas state and federal governments are concerned to protect both borrowers and lenders and to exert a wholesome influence toward stabilizing the dollar, aiding in the economic expansion of the country, and serving the financial needs of the government. A similar duality in the other major economic areas will appear in their respective parts of our outline.

Economic Problems Center in "the Market"

IN FREE America, the young person who enters economic life, enters the market—that is, a place where people meet to conduct peaceful and productive exchanges. He has labor for sale and what he can get for his labor will measure his demand for other people's wares. The market is peopled with those who come to buy and those who come to sell either goods or services. "The market is the birthplace of price," and everybody tries to "sell high and buy cheap," that is, make as good trades for himself as he can. How good a deal he can make will depend on whether supplies of the particular goods or service are relatively scarce or abundant and on whether demands for them are relatively weak or strong. The economist, therefore, approaches all problems from the standpoint of supply conditions and demand conditions, meeting and doing business in varied but specific market situations.

For convenience, economists of the older day classified everything that comes into the market on the supply side under three broad heads—land, labor, and capital. They are the productive factors whose quality and quantity and whose full use or partial disuse determines how good a material standard of living our economic system provides for its members. Today, we are more inclined to use five heads; natural resources, labor, capital, management, and government. I have used this basis of classification for my outline of persistent problems to show what both society and the individual have to worry about or what sort of influences or conditions determine whether the individual will effect good terms of

trade or bad terms of trade in bartering his services and goods in the market for the services and goods of others. In connection with each, I shall emphasize the problem of creating fair and efficient markets for the trading process, through which workers and property owners organize to satisfy their common wants.

At the close I shall point out how other problem approaches can be run through this outline —such as the agricultural problem, or the problem of foreign trade.

PERSISTENT PROBLEMS OF THE AMERICAN ECONOMY

I. Our Natural Resources, Their Conservation, Use, and Development
   A. Agricultural Resources
   B. Timber Resources
   C. Grazing Resources
   D. Mineral Resources
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   F. Multi-purpose "Valley" Projects
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Other Ways of Classifying Economic Problems

I. Our Natural Resources, Their Conservation, Use, and Development

NATURAL resources lie at the foundation of our productive system and constitute a perennial problem area for the economist, the legislature, and the businessman, in conjunction with the scientist and engineer. Starting from the problem of conservation in the sense of not wasting irreplaceable natural resources, we pass to the problem of enlarging resources by scientific research, discovery, and the provision of means of tapping new resources or reclaiming old ones.

An important phase of the problem of how best to conserve and develop natural resources involves the question of property rights—(a) private ownership without regulation; (b) government regulation of privately owned resources; or (c) public ownership, with either private or public operation.

The problem of natural resources can conveniently be subdivided into six sub-fields.

A. *Agricultural Resources*

Though the Egyptians, the Chinese, the Romans, and later Europeans developed a good deal of the science and practice of soil conservation, pioneer Americans discarded practically all this methodology and turned to soil mining on the grand scale, since fresh tracts were readily available as older areas lost their virgin fertility. By the late nineteenth century, "scientific farming was directed toward arresting erosion, the provision of humus, and the addition of natural or chemical fertilizers to make up carefully measured deficiencies. Soil conservation policy has now become definitely established over practically the whole of American agriculture and the current form of this perennial problem centers on how far the responsibility for maintaining or increasing the productivity of our land resources shall be left to the private owner and how far government will extend regulatory control and/or financial assistance. We have not gone so far as to make soil-depleting practices a misdemeanor. We are spending public funds currently in large amounts, both to educate the farmer as to what he should do and how he should do it, and to give him financial facilities and incentive for conserving and developing our land resources. The urge for reclamation works at this time comes in conflict with measures to support the prices of agricultural surpluses. Some current controversy centers on the question whether public funds should be used to pay the farmer to do what it is in his own long-run interest to do himself. In order to permit small farmers to farm in regions of considerable risk from drought, flood, hail, or other natural catastrophies, the national government has been experimenting with Federal crop insurance.

B. *Timber Resources*

Timber resources likewise were used lavishly during our country's pioneer period. To a considerable extent, the destruction of timber was

a necessary first step in the development of agricultural use of land. In another aspect, "wasteful" use of timber was a rational procedure for making lumber available most cheaply for industrial and domestic use. When destruction of timber cover created serious problems of soil erosion and flood control, and as impending scarcity of new timber became apparent, government withdrew large areas from private timber use, developing replacement forestry on some and leasing some to private users under supervised cutting and replacement practices. Owners of large private tracts have developed permanent forestry as a normal business practice, and a great amount of educational work, fire prevention, and building of access roads has been made a part of public policy. On the demand side, plywood is competing with plastics and metals. Technology is finding many ways to reduce waste of material and to appeal to new markets.

C. *Grazing Resources*

The problem of conserving and administering grazing lands runs far back in our history and is interrelated with the adjacent problem of agriculture on the one side and forestry on the other. Private livestock interests, in the absence of regulation, greatly impaired this resource through overgrazing and no re-seeding. The Taylor Grazing Act of 1934 undertook to organize a long-run conservation and redevelopment program, with practices largely defined and self-administered by existing livestock organizations, merely coordinated by Federal and state grazing officials. The present policy appears to be that of keeping submarginal agricultural lands available for grazing on reasonable terms of ownership or lease, of making effective use of the grazing potentialities of timber reservations as justified by prevailing cost and price relationships. Controversy develops as to what is technically possible or economically feasible and how the cost and benefits shall be divided between private and public agencies and among rival livestock interests.

D. *Mineral Resources*

American policy and practice as to mineral deposits was almost completely *laissez-faire* until the possibility of exhaustion of petroleum resources was feared and controversies arose over draining oil from one owner of surface rights by another within the same pool. This has resulted in the establishment of both state and Federal regulation of the commercial exploitation of petroleum resources and of extensive schemes for control of total output and "proration" among districts and individual operators. The recent controversy over tidelands and off-shore oil centered both on the question of which control agency should prevail and of state right or Federal right to the revenue derived from royalties. There is also the problem of freeing or restricting the import of foreign oil and policy with reference to American oil companies operating abroad.

As to other mineral resources, the conservation of visible supplies or the development of new sources has been left to private business except for a relatively limited amount of scientific and exploratory work done by government agencies. The principal way in which private use or development has been affected has been through the tax procedures of the several states and, more recently, the efforts of the Federal government to stimulate the production of minerals in short supply for industrial use or military needs. In the case of petroleum resources, the Government first encouraged American companies to undertake large ventures in the exploration and development of oil resources. It on several occasions engaged in extensive anti-trust proceedings, challenging the structure and practices of the business groups through which this development of foreign sources of oil has been carried on. Two world wars and the development of modern technology have made us conscious of our increased dependence on foreign sources of supply of minerals and have led to extensive government "stockpiling" of various strategic metals.

E. *Water Resources*

THE problem of handling the nation's water resources has persisted from Colonial days to the present. Navigable waters fall within the public domain, and the Federal government has taken responsibility for developing ocean ports and internal waterways. The latter has involved both the maintenance of navigable depths on rivers and the construction of canals and is aimed at flood control and the relief of drought quite as much as the provision of cheap transportation. This has been and continues to be an area of controversy with other transportation facilities, primarily the railroads.

Both the maintenance of river navigation and the control of floods involves the construction of dams, and this in turn touches the other major phase of the problem of water resources, namely hydro-electric power. Here the earlier policy of permitting private ownership and development

of power sites has given way to a large measure of Federal development, both for the sake of securing coordination and full utilization of the power resources and of providing works of a magnitude beyond the financial ability or business daring of private interests. This is notably the case with the Hoover, Grand Coulee, and Bonneville Dams. The controversial aspects of this problem concern both the matter of government building of smaller supplementary dams to keep control over a whole valley development and the propriety of including distribution as well as production of power in government hands. Policy in this area is an acute issue between Federal and state authorities and between government and private agencies.

The third major phase of water resources use (interrelated with the other two) is that of irrigation. In some sections, small private companies or local communities developed their own irrigation works, but most of the larger ones occur in connection with dams erected primarily for hydro-electric power. Considerable conflict develops here between the expansion of agriculture which follows in the wake of such irrigation developments and the attempt of agricultural agencies to adjust the supply of particular products to remunerative demand. The individual finds many problems here in adapting his farming to water supply on the one hand and market demand on the other and in establishing the "water rights" of his acres *vis-à-vis* other claimants.

F. *Multi-Purpose "Valley" Projects*

While problems of conservation and development of agriculture, grazing, timber, water transportation, and water-power resources have persisted in varying degree throughout our national history, they now are taking on a new phase in what is called "multi-purpose development." This is the attempt to coordinate these purposes and some others, such as the preservation of wildlife and the provision of recreational facilities. This aspect of resource conservation and development took on new dimensions with the establishment of the Tennessee Valley Authority. An even larger project of similar pattern has been urged but not effectuated in the proposed Columbia Valley Authority. A somewhat different attack on the problem seems to be merging in dealing with the varied conditions and enormous scope of the Missouri Valley. This makes use of "state compacts," and stresses local autonomy rather than Federal centralization.

II. Our Labor Force, Its Development and Utilization

EVERY child, when he is born, brings into our population a new mouth to be fed, a back to be clothed, a body to be sheltered, a mind to be developed, a spirit to be stimulated and satisfied. He brings also a pair of hands, at first utterly useless for the satisfying of his own needs and wants, in time capable, in many cases, of producing so much as to be not only enough for himself but to make large contributions to the well-being of others.

The labor problem of the individual has two parts: (a) making himself economically productive by using the resources, educational and other, that have been provided for the development of his labor capacity, and (b) finding work opportunities ever more adequate to, and remunerative for, his expanding productive powers. The labor problem of society is, first, to equip and organize itself, better and better as time goes on, to develop the inherent productive powers of the constant stream of recruits that keep coming into the labor force, to see that facilities are provided for developing the average worker, the sub-average worker, the individual of real talent, and the genius. Next it has a problem of seeing that supplies of various kinds of labor are brought in touch with demands for workers, and movements facilitated to bring the two into balance. This includes the conservation of the impaired labor powers of the physically and mentally handicapped, and the extension of suitably adjusted work opportunities to the aged after their period of maximum productivity.

A. *Population Numbers*

The economic significance of population numbers and rates of growth was little grasped until about 150 years ago. Then there came to Thomas Malthus an insight into the fact that there was a vital relationship between the numbers of a country's population and its natural resources. Malthus jumped to the faulty conclusion that numbers would always outrun means of sustenance and be readjusted only by the cruel process of war or famine. On second thought, he brought out a later edition of his book, changing his generalization to saying in essence that the famines and wars of primitives peoples were a characteristic manifestation of the "pressure of population on the food supply" and that such consequences could be avoided only by "prudential restraint," which keeps numbers down in step with available resources.

In the nineteenth century, an "American school" of economists arose to say that Malthus was all wrong and that the faster the population grew, the greater its prosperity. Like Malthus, they were generalizing from too narrow a basis. We had come into a great body of virgin natural resources, which for the moment exceeded the ability of a sparse population to appropriate and use them. Thus, in that particular situation, added workers brought more than proportionate increase in product. In the economist's phrase, population was in a stage of "increasing returns." It is still true that in such a country as China, with dense population, impaired fertility, and backward mechanical arts, population does tend to outrun sustenance, as is manifested by recurrent famines.

In the nineteenth century, also, we passed from exploration and physical pioneering as a means of tapping new resources over into intellectual exploration as a means of increasing our productivity. This is a much more permanently expansible stage of economic life than geographic exploration. At the moment, we are so much impressed with the spectacular advance of synthetic chemistry and nuclear fission that we are inclined to think that potential productivity increases are outrunning prospective rates of population growth. This might so improve technology as to increase individual productivity enough to permit a marked rise in living standards. One major phase of scientific progress, however, results in the prolongation of life over a longer period of reduced productivity. In the backward countries also it tends to stimulate growth in numbers faster than growth of productivity. This is due to the need to provide capital if mechanization and technical training of workers is to raise the productivity of the individual.

In judging the nature of society's population problem, we must recognize that prudential restraints are, in America, a built-in feature of our social and economic pattern, though by no means a rigid one. Habits as to age of marriage, "planned parenthood," public housing programs, and many forms of social security, both private and governmental, enter into this picture. The net rate of population growth is determined by the number of births, the quality and cost of medical care of children and adult workers, the accident rate (including war), and the prolongation of life after the working period both through medical discoveries and old age insurance. Currently, American economic thinking sets down a high rate of population growth during the next few decades as a stimulating factor in the economic outlook, but a source of renewed Malthusian worry. The economic problem of population, however, is not one of numbers alone but of relation of numbers to productive resources. It thus ties back to what was said about the problem of natural resources and their development and forward to what will be said presently about capital resources.

B. *Labor Education and Placement*

Even before we get to the question of the worker's capital equipment, we confront the economic problem of how fully his innate productive powers are developed and how effectively he is put in touch with such labor opportunities as exist. It has always been a part of the American way of life that the community, the state, and the Federal government should see to it that education should be available to all the infant and adolescent members of the labor force—free or at moderate cost within the reach of the family or the individual. Cultural training and preparation for citizenship have not been neglected, but primarily our system of popular education is designed to prepare full rosters of competent manual workers, of "paper" workers, of executives of all grades, and of technicians from the laboratory assistant to the research scientist. While education of the labor force has been viewed from the beginning as a public responsibility, private educational agencies have had a complementary role—endowed universities and academies, "commercial" schools of infinite variety, and special institutions of cultural or religious character.

It is the individual's labor problem to find and take full advantage of the educational resources best fitted to his tastes and capacities and to move as smoothly as possible from this training stage to placement in the active labor force at the point where he will be best rewarded, financially and otherwise. It is the labor problem of society not merely to see that its working members have adequate opportunities for training but to facilitate the placement of the prospective worker at the end of his training period, and his re-placement from time to time as his qualifications improve (or decline), as demands of the labor market change, or after the interruptions in employment which may come from any one of many causes.

Labor placement has been developed as a commercial enterprise by "employment agencies" of many kinds and by public employment services

up to the United States Civil Service. The American labor force has a great deal of mobility in many of its parts and also a great deal of immobility due to property ownership, technical specialization, temperament, and sheer inertia. Attempts at massive or even small group transplanting of population from blighted areas to places of greater opportunity have been conspicuously unsuccessful. The bringing of jobs to the immobile worker has, on the whole, shown more success as is exemplified by the recent industrial development of many communities in the southeastern states.

C. *Union Organization*

A majority of our labor force consists of unorganized individuals, from the family farm proprietor and farm labor, the handyman, the domestic, or the shopkeeper in town to the artist, the professional man, the executive, and the public official. Many of these people belong to professional or commercial associations of one sort or another, but these are only loose ties of friendship or intellectual interest, not "labor organizations" in the specific sense. About a quarter of the labor force, however, is organized in the real working or contractual sense in labor unions. The essential feature of the labor union is that it unites its members for collective bargaining, superseding individual action as to wages and conditions of employment in a constantly broadening sense—not merely shop surroundings and seniority rights, but pension provisions, annual wage, guarantees of "full employment," and the official representation of labor as such in government administration and national policy-making.

The individual has his problem of whether he can prosper without becoming a member of a labor union, of how actively he will participate in the affairs of his union, whether he will follow "the union line" or act independently on matters of public policy or the support of political parties and candidates, and whether he will seek a career as a union official.

Every union as such has its economic problem not merely in deciding what wage or other demands it will make, what tactics it will follow in dealing with employers, and whether or not it will resort to a strike to enforce demands. It also has many problems of economic character in deciding whether it will affiliate or disaffiliate with one or another of the national or "international" unions and their federations, whether it will pursue a philosophy of private enterprise in an open labor market, resort to specific government supports or controls, or seek the effectuation of state socialism or of communism. It must decide on the economic cost and advantages of political activity *vs.* political neutralism. It must decide whether it will work for union pensions, for company pensions, or for governmental social security. It will have specific problems of whether to lobby for a tariff measure, of how to invest union funds as they grow to large size, or how to keep racketeers from "muscling in." One of the sharpest questions of union policy today concerns the desirability or danger in having "one big union" and whether this, with or without the national contract, would constitute a "labor monopoly."

From the standpoint of society or the economy, the economic problem of unionism is essentially the same as that of the union, but it is viewed from the other side. How much power should be given to this kind of private organization to speak as a unit for all the workers in a given industry or craft; what devices of strike, of picketing, by boycott, or of slowdown should be permitted over either a local or a very inclusive area; how far is it wise or safe to use the legal injunction or invoke compulsory settlement?

D. *Wages and Incentives*

In general, we have relied upon a free (but institutionalized) labor market as the major factor in determining how and where we shall use our labor force. That is to say, we have excepted that the needs of employers for workers would lead them to offer in the form of wages (with surrounding working conditions) such inducements or incentives as would draw into their enterprises the numbers of workers of the right quality to produce the goods of different kinds that the buying public wants or needs. Only in times of inherent strain have we been willing to resort to wage fixing by government edict either through a wage control board or by direct influence of the President himself. For ordinary peacetime conditions, we have said that this is a problem which should be left to the flexible adjustment of the interested parties.

While this procedure may not produce as consistent and logical a wage structure as one designed by technical experts, it has practical workability and adaptability to changing economic conditions. If the government takes the responsibility for imposing wage rates, it is likely to see itself sooner or later charged with responsibility for seeing that the employer has remunerative prices for his product and that the worker has a

job at the return which has been set by government authority. That creates more—and bigger—problems than it solves. In America, we still have faith in the free market as the most practical agency for adjusting price relations (including the price of labor). Our problem is to get the best bargaining organizations and practices.

E. *Collective Bargaining*

The growth of large-scale industrialism ended for a large part of the working population the period in which individual workers could bargain with individual employers to produce a competitive wage. With its demand for new skills and its development of greater productivity per hour or per day, industrialization also broke up the system of fixed or customary wages. Workers combined in groups designed to give them bargaining power at least equal to that of the large-scale employer and to provide them the services of skilled and aggressive bargainers, thus capturing for themselves a "fair share" of the fruits of technological progress.

It seems clear that the perfecting of an effective system of collective bargaining will be one of the major persistent problems of our society for the indefinite future. Amendment of the Taft-Hartley Act has marked the most recent legislative development in our effort to deal with this.

Union members and officials, when they think in terms of economics rather than sheer power, see the problem as one of getting enough purchasing power in their hands so that products of industry will sell so readily that employers will continue to offer full-time jobs. Business executives see the problem basically as a danger that workers will seize as wages and other benefits so much of current product that employers will not be able to improve and expand plant, attract new capital, maintain research, and offer jobs in increasing numbers as the country grows. Government and the non-industrial public see two basic problems: (1) collective bargaining may come to a deadlock, with strikes, shortages, public inconvenience or even danger, and possibly contagious depression; (2) collective bargaining may result in spiralling wage-price advances that engender or aggravate the process of inflation. If this happens, the brunt of the burden falls on the "fixed income" classes.

F. *Workers' Safety and Security*

The process of industrialization brought many threats to workers' health and safety—dangerous machines, physical strain, crowded conditions, night work, occupational diseases. Public insistence on the principle of employer's liability, and the development of government inspection have now gone far toward conquering these problems in the interest both of the individual and of society. There has also been growing recognition by employers that physical well-being and high morale are factors in productive efficiency.

A new phase of the problem of workers' security has now moved strongly to the fore. With the physical security of the worker largely provided for, he is demanding greater economic security. Employers are beginning to accept this also as a problem that they must grapple with and help to solve. Government is recognizing that it too must play a part in improving the economic security of the working population. Partial answers to this problem have taken the form of employment insurance, severance pay, old-age pensions, survivors' insurance, and "full employment" policy as a responsibility of government, working with private industry. More and more frequently labor organizations are putting forth some form of "annual wage" as an early objective of collective bargaining. These are the thought-frontiers of the labor problem today.

III. The Need for Capital and Means for Supplying It

WE OFTEN speak of capital as synonymous with "money." As a matter of fact, capital is property and thus is expressed in dollars. But, at the bottom, this property acquires these dollar values only because it consists of tangible units of machinery, buildings, or what-not that give to human labor a greater power of producing goods and services for the market.

A. *Labor's Need of Equipment*

Practically every worker in modern industry has a problem of securing capital with which to work. He needs a work place, a set of tools or installation of machinery, a stock of materials, and often an inventory of finished or semi-finished product. The farmer's capital needs today may run from a few hundred dollars if he is a small sharecropper to several hundreds of thousands of dollars if he has a fully mechanized cotton or wheat farm or a modern dairy, orchard, or pure-bred livestock farm. The average for a factory hand is now nearly $10,000 and the worker in a steel mill or automobile plant may be equipped with three or four times that much, and the company may have mines, transportation equipment, research facilities, and cash

working capital running into the hundreds of millions. The doctor or dentist needs an expensive office and laboratory equipment, and the private or public hospital is the biggest piece of capital equipment which he uses. The lawyer needs a suitably furnished office, a sizeable library and some "working capital" or cash reserve. Even the cobbler today requires a set of power-driven machines besides small tools, supplies and a place of business.

B. *"Money To Go Into Business"*

The worker who wants to be his own boss may get his supply of capital by inheritance, by saving from his own earnings, or by borrowing from the bank or some mortgage lender. Most workers today get their capital equipment by working for an employer who supplies these needs. In this case, the problem of supplying capital is simply transferred to the shoulders of management. The company must secure capital by saving out of its operating profits; by selling participating shares to the public; by borrowing from banks, insurance companies, or general investors (through sale of bonds); or, to an increasing extent, being financed by government.

C. *The Process of Saving and Investment*

Anyone who receives an income faces the problem of how much he will spend for immediate consumer satisfactions and how much he will save. While some people save in order to invest in their own business, the majority save to provide for future consumption needs. Such a person has the problem of keeping his savings safe and making them productive. If bills and coins are hoarded in the mattress or the cookie jar, they may be lost through fire, theft, or flood, and, even if safe, are entirely unproductive. The saver, however, may entrust funds to a bank or other credit institution, which invests them and thus puts them to work serving society and yielding income for the saver. Or he may invest them himself by buying a mortgage, a bond, or shares of stock in some corporation.

However much the saver can get for the use of his accumulated capital will depend on the relative abundance of the capital supply and the relative acuteness of the demand for capital by business enterprise. His problem is to select a form of investment which will give him as large an income as possible with such degree of safety as he feels he needs. The investment of capital always involves a "calculated risk." Finally, the private investor may buy government bonds, and the government may invest the proceeds in capital plant such as public roads or a hydroelectric dam. On the other hand, the proceeds may be shot away on some distant battlefield. Then, even though the investor gets his money back, society has no capital to show for it. To redeem its bonds, the government levies taxes, and these are sometimes referred to as "forced savings," since the individual thus has his "disposable income" reduced by the amount of the tax.

D. *Capital Formation vs. Consumption*

For both the individual and society no problem is more basic as well as persistent than that of how much current product or current income to consume and how much to save and convert to capital to maintain or enlarge the stream of future consumption. If consumers are not given enough current purchasing power through wages, salaries, dividends, etc., and if they do not spend it with sufficient promptness, merchants will not do a flourishing business, their orders to manufacturers and farmers will dwindle, unemployment will result, and the level of general prosperity will decline. If, on the other hand, wage and dividend disbursements are too liberal, spending too free, and savings neglected, the capital equipment which makes labor most productive will not be maintained at full efficiency or expanded sufficiently to take care of new job seekers, technological advance will be retarded, and the general standard of living reduced or prevented from rising as fast as it might if just the right balance were maintained between spending and saving.

The prudent father has to face the problem of curbing spendthrift tendencies in the family without enforcing needlessly low standards of consumption. Corporation management has, on the one hand, to resist the demands of stockholders for liberal disbursement of current earnings without, on the other hand, "plowing back" so much into the company that the whole or some of its parts are expanded beyond the point of optimum profitability. The government needs to see that what it withdraws in the form of taxes is thriftily applied to purposes that contribute to national productivity, not the creation of facilities or services in excess of public need. This is a major problem posed in the Employment Act of 1946—that government policy shall be directed to the "maintenance of maximum employment, production, and purchasing power."

The investment problem lies at the very heart of the phenomenon of the business cycle, which is often described as the characteristic disease of modern capitalism. In times of high prosperity and great business confidence, there is a strong tendency in all parts of the economic system toward excessive capital formation, liberal credit extension, and the creation of excess capacity. This may engender ruinous competition, bankruptcies, and the beginnings of unemployment. We then have the problem of postponing some further investment and facilitating consumption if small recessionary adjustments are to be kept from snowballing into depression.

Recovery comes as these ill-considered investments are "put through the wringer," as confidence returns, and natural growth catches up with the premature capital formation. Since the excess is in fact not very large percentagewise, there is a growing belief, though not yet proved in practice, that through the cooperation of wise managerial action and sound government programs, we can in future greatly reduce the magnitude of such downswings.

E. *Capital's Productivity and Reward*

Ever since capital came to be distinguished as a factor in production, with ownership generally separated from the worker, the problem has arisen—and will persist—of how to value the contributions made by the two parties in production—labor and capital. We have noticed how labor's share has a commercial value placed upon it by the processes of the labor market, with the special institution of the union becoming a powerful bargaining force in that market. In a somewhat similar way, we have developed the institutions and practices of the capital market, where a contract price for capital is arrived at in the form of interest rates. Here too a strong rate-making situation has been developed under the institutions of the Federal Reserve System and the United States Treasury, with some power of intellectual guidance of interest rates or of distorting them—as under the "cheap money policy" pursued by the Treasury for several years. Since 1951, we have restored the handling of the problem of interest rates more fully to the operations of a free "money market."

In a free capital market, the price (interest rate) arrived at for the use of capital will depend on the estimate that potential borrowers put on its expected productivity in their operations and on how close to this estimate they have to bid in view of the scarcity or abundance of funds in the market. There is, however, also an area in which the reward to capital depends not so much on the bidding between borrowers and money lenders but rather upon the specific situation of a capitalistic corporation which must divide proceeds of the business between stockholders and wage earners. The employee who operates an expensive automatic machine which performs a single process in an elaborate manufacturing operation cannot have the slightest idea of what his labor contributes to the total value of the finished product, and the company executive cannot measure it much better. Hence, there is a persistent problem, and often a sharp battle, between owners of capital (or their hired officers) and workers (or their union officers).

Pragmatic solutions to this problem have to be hammered out through collective bargaining and wise price-making. A successful answer to the problem depends, as was said in our labor section, on disbursing enough purchasing power to consumers through prices, wages, and dividends to keep the whole product of our economy moving briskly into consumption and, on the other hand, maintaining and improving the capital plant at the proper rate and giving capital owners enough incentive to save and invest at that same rate.

F. *Private Capitalism vs. Government Capitalism*

Actual experience under free government has taught us that a good practical answer to the problem of capital formation is found by having part of our capital needs furnished through the public treasury—Federal, state, and local. Some people have come to think that the whole problem would be handled better if practically all of this function were turned over to the state, if we nationalized our basic industries and had a system of state socialism or even communism. Clearly this would change the form of our business institutions and practices, but the basic problem of getting just the right amount of capital at the right times and places would still persist. Likewise, the problem of deciding how to divide the total product so as to satisfy consumers, workers, and capital suppliers would be just as real and possibly more difficult of workable settlement. "In a multitude of counsellors there is wisdom," and so, also, in a multitude of bargainers, whereas centralized control carries the possibility of monumental mistakes.

IV. Forms of Business Organization and Management

BY THE dawn of history there had arisen a problem of how to get natural resources, human labor, and capital equipment working together effectively. This problem has persisted and expanded with the growth of industrialism. It has two parts: (1) getting such organized relations among landowners, workers, and capitalists as will be most effective toward producing an abundant product and (2) dividing that product in such ways as to keep peace among the claimants and provide both facilities and incentives for maximum future production.

In the primitive tribe there was common ownership of land; working duties were assigned by the chief or governed by custom; and consumers, in the main, shared equally in the common scarcity except as chiefs and their favorites were assigned or permitted to seize choice goods or enjoy special services. This general pattern—based on arbitrary power and/or rigid custom—continued down through the feudal period. With the coming of modern exploration, the wide expansion of trade, and the growth of science and industrialism, we have passed to more complex and flexible schemes of organization, often described as passing from status to contract and from common or hierarchical to individual ownership of property. The keynote of our modern system of business organization is "freedom of economic enterprise," and it has developed five major types of organization.

A. *Individual Proprietorship*

The simplest form of business organization under free enterprise is that of the individual business, in which one man is the responsible organizer and manager. He may own or rent land. He may use his own and his family's labor or may hire some outside help. He may own all the capital there is in the business or may enlarge the enterprise by borrowing up to the limit of his personal and mortgage security. The family farm, the small store, restaurant, and repair shop, and the professional office are familiar examples. The problem of the individual here is to get enough capital to enable him really to exploit his capacity for business management or, from the other side, not to try to run a business whose demands exceed his capacities.

B. *Business Partnership*

Sometimes the kinds of problems just mentioned can be met by forming a business partnership between two or three or even a dozen men. Let us say that one is a fine engineer (possibly inventor of the product to be manufactured), one a smart salseman, another a good office manager and accountant, and still another a good production man, skilled in organizing work and handling labor. Their varied talents will complement each other and, if they are congenial personalities, they will not find too great difficulty in dividing the profits of the business either equally or on some basis which recognizes the evidently greater value of some of the partners' contributions. Both rights and responsibilities will generally be set forth in a written partnership agreement. A standard of measurement will be furnished by the fact that if one is dissatisfied, he will quite likely be able to secure offers of a salaried position outside. Sometimes a partner may contribute only capital and so be called a "sleeping partner," but ordinarily the partner who puts money into a firm will demand a vote (or even a veto) on major business decisions. In case a partnership becomes insolvent, each partner is personally liable for its debts up to the limit of his personal wealth.

C. *The Business Corporation*

The form of business organization which has developed most fully the power and the problems characteristic of modern industrial, commercial, and financial life is the incorporated company chartered under state laws. Its outstanding features are (1) limited liability and (2) salaried professional management.

Anyone can buy a small "equity" interest—that is a claim to profits—in a business corporation by buying one share or more of its capital stock. If the company is very successful, he will get a large speculative return on his investment. If it is unsuccessful he may get little or no income from his investment and may lose part or all of his principal. But under the principle of "limited liability," he cannot lose more than he puts in. That is, he is not personally liable for any debts of a bankrupt corporation. This arrangement meets the problem of the railroad, the steel mill, or the automobile factory of getting enormous capital resources from many small savers who want to share in the earning power of these enterprises but who cannot enter these lines of business directly. It opens up a persistent problem of where control of the corporation shall lie. Nominally it lies with the stockholders, who have one vote for each share held. Actually few stockholders can attend the annual business meeting of the corporation and, even if they do, they find voting control in the hands of a small management

group who secure "proxies" from a majority of the actual owners of stock. Thus the modern corporation is in fact run by a small group of self-perpetuating directors strongly under the influence of operating executives. This raises a persistent problem of whether this group runs the corporation for their own maximum financial advantage or with a well-balanced responsibility for the interests of stockholders, wage and salaried employees, and consumers. Various types of government regulation have been devised to protect the interests of these groups, but equally important in solving this problem is the growth of economic understanding and a sense of social responsibility on the part of business and labor.

The persistent problem of the individual *vis-à-vis* the modern corporation may be either as employee or as investor. He must decide whether he will try to utilize his productive powers as a self-employed person or as a wage or salaried worker, making his career within the structure of jobs made available by corporations, big and little. In the latter event, he has the problem (a) of how he shall prepare and conduct himself to be most valuable as an employee, (b) of judging which company promises the best opportunity for advancement, and (c) of deciding when and how to move to better his position. As investor, he must learn how to select different types of corporation securities best suited to his needs; to discern which industries or companies show greatest prospect of safety and growth; and to know when and how to shift his capital from a deteriorating to an improving investment position. An increasingly popular answer to this problem is to turn it over to the trained specialist.

D. *The Cooperative Association*

A special form of business organization midway between the personal partnership and the impersonal profit-seeking corporation is the cooperative association. In its pure form, it does not do business *with* the *public* but only *for* its *members;* it seeks savings for these members rather than profits from the general public; and control is exercised through the democratic process of one man, one vote, and no proxies. In the small cooperative, there may be considerable unpaid labor, managerial and even operative, by members and some simplification of service (notably credit, display and delivery) in the interest of economy. The large cooperative, however, tends to have its operative and management practices conform more and more closely to those of the ordinary corporation. A persistent problem of cooperatives has always been how to persuade members to leave their savings in the association sufficiently to provide it with necessary capital. A persistent problem for the individual has been to judge when the savings from a "non-profit" business are sufficient to justify taking the responsibility of supporting the association with his patronage and keeping his capital tied up in it once he has become a member.

E. *Government Business*

Besides the four major forms of private business organization, a considerable amount of economic activity is carried on by various government units, municipal, county, state, and Federal. When we decide to use public enterprise rather than private enterprise as a means of organizing the production and distribution of goods and services, what corresponds to capital is secured by means of taxation, and loan capital is secured by the sale of bonds of the government unit. Labor is hired in the general labor market, the management is secured through popular election or official appointment.

The persistent problem here is to determine which economic functions will, under given circumstances, be most adequately and economically performed by leaving them to private enterprise, and which will be most satisfactorily developed by resorting to public enterprise or government operation. If the latter decision is made, there is a persistent problem of devising methods of accounting and review of results that will prevent waste, secure efficient operation, and aggressive development of service without imposing undue financial burdens, that is, avoiding the blight of "bureaucracy." There is also the problem of deciding what government goods and services shall be distributed gratis, which shall be charged for, and at what rates. Government business is often referred to as a "yardstick" of private business. By the same token, private business performance is a suitable yardstick to apply to government business operations.

V. Government and Economic Life

THE problem of what services government should render to economic life and of what restraints or controls it should place upon business emerged with the dawn of civilization and will persist to the end, though in constantly changing form. The individual confronts this problem in terms of (a) the restraints upon his freedom of action of the levies upon his services or his property which he will tolerate from government, and (b) the protection and the services that he will demand from the public domain

and the lives and property of its citizens against external violence—capture or depredation. Internally also, it undertakes to protect the lives and property of its citizens against insurrection, criminal action, and common disasters such as fire and flood. Beyond this, government undertakes to define the property rights of citizens in a wide variety of situations and to protect these rights against non-violent encroachment through monopoly, fraud, or the erosion of values as the result of a faulty monetary system.

A. *Property*

If business transactions are to be safe and orderly, there must be clear-cut definitions of property rights and dependable machinery for registering and transferring these rights. Government must decide what natural resources or other things shall be defined and administered as "in the public domain," and what shall be held or treated as private property. The latter includes not only land, buildings, machinery, and personal belongings, but also "intangible" property rights or "franchise values" in such profit-making situations as the right to carry on a particular line of business in a specified area.

The individual's problem here is to try to secure legal recognition for any right to the enjoyment of the fruits of his labors which he might not be able to assert or defend by private action, individual or group. He also wants to be protected against such definition or enforcement of others' rights as might be harmful to him. A striking recent development of the concept of property rights has been the assertion by some union groups of property rights in certain jobs or types of jobs. This might be by limitation of apprentices in a skilled craft, by establishment of the "closed shop," by seniority rights, or denial of the employer's right to fire. The most recent extensions of this idea have been in the proposals of an annual wage or of government responsibility for full employment. It is a problem of our current economic society, with its representative government, to discover how far private claims can be protected without resulting in restraint of trade in general and also how far or in what way the recognition of a property right to a job could be made a stabilizing and dynamic factor in our economic life.

As to personal income, or even as to accumulated wealth, the right of private property has been significantly modified in the last few decades by the growth of progressive income tax and inheritance laws on the one side and by social security legislation on the other.

B. *Private Contracts and Market Bargaining*

A second major function of government in a free economy is to define the terms of voluntary business contracts and to provide means for seeing that, once entered upon, they are carried out. This implies the establishment of free markets for individual and group bargaining, the providing of objective trade information to these markets, and policing them against fraud or unfair practices. The labor union contract covering wages and conditions of employment is the most acute problem area of contract law and practice today, viewed either from the standpoint of the worker and the employer or that of society.

C. *Currency and Credit*

The function of providing a money system is one that cannot be left to private agencies. From primitive times to the present, economic man has been trying to devise satisfactory money systems. In the peaceful days before World War I, the best answer to this problem appeared to have been found in a series of national currencies exchangeable for each other at established rates and all freely convertible into gold coin. Even then, the major part of commercial trade was carried on through personal or company checks, drafts, bank notes, and government paper money. Today, the whole world is on a basis of "managed currency" dependent on the solvency of the various governments, with very limited convertibility into gold. The several governments are wrestling with the problem of facilitating trade by the various countries and preventing the disorganization of domestic business through extreme fluctuations in the value of the monetary unit.

We are now predominantly a credit economy, and banks and other lending agencies constitute one of the most important factors in our business life. While our banks, in the main, are agencies of private enterprise in the money market, our Federal Reserve system exercises, under the supervision of Congress, very important functions with reference to the supply and price of credit and the value of the dollar. During and since World War II, we have been struggling with the problem of how far the Federal Reserve system can go in financing extraordinary expenditures of the Federal Government and at the same time best serve the needs of business and the private citizen. This general problem raises the particular problem of whether decisions in this field should be left to the judgment of technicians in the Reserve Banks system or should be subject to the political influences of Congressional control—as in the recent regulation of consumer credit.

D. *Taxes and Government Spending*

The old saying, "There's nothing so sure as death and taxes" suggests how persistent this economic problem has been. It promises to be even more prominent in future years. It is obvious that government spending—federal, state, and local—has become a much larger factor in today's economy. The problem of military spending may be more permanent than we care to think. In any event, it seems likely that in a rich economy such as ours, seeking to give full employment opportunities to its citizens, a larger proportion of the income stream will in future be channelled through the public treasury than was characteristic of our history in the past.

The problem of sustaining the activity of the economy after the military and industrial build-up abates will be merged into the problem of state and local governments; of catching up on school facilities, roads, and other public institutions, and of aiding in urban redevelopment. Recent prison outbreaks suggest that this is another area where extensive modernization and expansion of facilities will be needed.

All this raises the problem of keeping tax revenues in step with necessary government spending, since spending in excess of government revenue entails deficit financing and contributes to inflation. But besides the problem of the total taxes to be raised, there are many technical problems of proper distribution of tax burdens between different groups and sources of revenue. The effect of taxation on incentive to work or to invest, and the social and political impacts of different taxes, direct and indirect, raise problems that have never been fully solved in the past and which are certain to persist in the future.

Other Ways of Classifying Economic Problems

THE above outline does not present the only scheme for classifying economic problems, or perhaps the one that the average high school teacher would at the start find easiest to get hold of. For example, he or she might today look for such headings as "The Inflation Problem," or "The Labor-Management Problem," or "The Farm Problem," or "Consumer Problems." But each of these is really a cluster of problems—technological, managerial, commercial, financial, political, and social—rather than a single problem in the analytical economic sense. For instance, the farm problem involves questions of ownership, rental, use, and conservation of soil fertility, timber cover, and water supply and control. It involves questions of the relation between farm and urban labor supply and the prices of what the farmer buys from the city and what the city—both the manufacturer and the consumer—buys from the farmer. It involves questions of capital ownership and reward and how these are affected by credit agencies, private and governmental.

Our outline of problems is not designed to produce simplified "answers." It is designed to give a picture of the economy as a complex mechanism dependent on the behavior of people who occupy the active positions at the spots where work is done and bargains are made. It has been referred to as "a finding list" of the elements that enter into such problems as parity farm prices, the ending of price and wage controls, or others.

The teacher in a rural high school might take a green pencil and underline those places in the outline that deal with farm land, farm labor and its income, farm capital and credit, farm prices, and the relations of the farmer to the markets and to the government. The teacher in a mill town could take a red pencil and underline the points in the outline which deal with problems of raw material, industrial equipment, union organization and practice, wages and consumer prices, government regulation, and all other aspects of the total economic problem of the wage worker. If the teacher or the class happen to be interested in the problem of the consumer as such—perhaps the most universal economic problem of all—the outline can be checked to see the points at which and the ways in which the consumer's net income is dependent on labor productivity (based on resources, capitalization, and management), or the market conditions under which he sells his labor and buys his consumption goods, on the competitive demands of others in these markets, and on the regulatory, taxing, and spending activities of governments.

If this outline has a merit, it is that it poses any so-called problem as a complex of many problematical elements, and shows these several elements in the setting of other functionally related problems which persistently confront civilized man in trying to live peacefully as well as productively with his fellows. Even so, the outline is conspicuously incomplete in that it does not deal specifically with the interrelations of American economic problems with those of other countries. This is not due to any blind isolationism of the writer. But the domestic problem by itself is more than large enough for the space at our disposal, and the same principles that apply to it apply also to the larger world economy.

An Eighth Grade Becomes a Little Community

Fred A. Sloan, Jr.

ANY classroom can become a community. Ours did and yours can, too. The name of our community is Sloanville. It all began with a trip to a local bank. When we returned from our bank trip, we discussed the use of money and the services of banks. After discussing wise spending and saving the students decided to keep a record of their spending. At the end of a month we compiled the findings and discovered that most of us weren't doing a very good job of handling our money. Some of us were saving very little and in many cases what we spent, we spent unwisely. We found that most of us spent too much money for candy, cold drinks, ice cream, and movies.

Forming a Bank

A TEMPORARY committee was appointed to formulate plans for organizing a bank. This group presented suggestions to the class. The class drew up rules for running the bank and elected bank officials. Account sheets were made and deposit slips were obtained from local banks. We decided to make bank deposits every Friday. After deposits were made on Friday, the treasurer reported to the class and showed that the books were balanced and in good order. The money was then deposited in a real bank. Most of the pupils decided to transfer their accounts at the end of the year to a local bank as permanent savings accounts.

Organizing the Community

ONE thing often leads to another, and this was true in our case. So much interest was created by having a bank that the students wanted to organize an economic community. At the time we did not realize how much work it would involve. We spent much time in research and planning. We discussed the places of the producer, manufacturer, wholesaler, retailer, consumer and government in our economy. We called our community "Sloanville" and agreed to set up the following organizations: Best Buy Automobile Company, Electrical Appliance Shop, Happy Valley Real Estate Company, Cash and Carry Super Market, Sloanville Super Market, Tru-Value Drug Store, Sloanville Wholesale Company, Highland Apartments, and Sloanville Furniture Store. Later, additional businesses were formed. Two new members of the class formed an insurance company; the drug store went out of business and its owner with another new student set up a clothing store.

The students discovered much about the workings of a community. In the beginning we gave very little thought to the political and governmental organization of the community, but as the economic structure emerged there appeared a great need for city government. So we went to work on government. We read and gave reports from magazines, books, newspapers, and local and federal pamphlets. After much time had been spent in study and debates, the city government began to take form.

City Government

POLITICS began to boil and candidates began to prepare their platforms. Three students decided to run for mayor. The speeches were many and varied; there were all kinds of campaign posters and handbills; displays were prepared to sell different candidates; and the campaign managers had a field day. Eventually a mayor was elected.

Other politicians were also warming up for their campaigns. Ten students ran for positions as city councilmen, of whom six were elected. After the elections were over, additional laws were needed and the government officials went right to work on them. Other personnel were added to the city government: chief of police, tax collector, director of public health, manager

Mr. Sloan, the author of this report, and the guiding spirit behind the project he describes, teaches social studies in the Highland Heights Junior High School of Nashville, Tennessee.

of public utilities, city treasurer and other officials. The city councilmen reported on why each person was selected to handle his specific job.

Laws were constantly changing to meet new situations, and to enforce the laws we had a chief of police. It was his responsibility to maintain order and peace. Citizens were fined if they were not fair in their dealings. They were required to keep a clean and well arranged business area. Each business was responsible for keeping its location clean and neat.

Major Steps

GETTING the economic organization under way took a great deal of planning and work. Here are the major steps followed in starting the economic community. Any one or two students were given the opportunity to investigate and organize the kind of business they wanted. Each person organizing a business had to submit a written application and give an oral report to the class on why he thought the business would be profitable and how he thought he was qualified to carry on such a business. He had to visit directly or interview an adult in a similar business. The actual procedure of setting up each business involved selecting an appropriate name, organizing an accounting system, cutting out pictures of items to be put on display and sold, making trips to local stores to determine the prices of articles to be sold. Each person had to get the proper kind of license and permit from the city council. To get necessary information about permits several members of the class talked to city officials. The final—and very difficult—job was the allocation of capital to the different organizations and individuals in the correct proportional amounts, depending on the number of workers and the size of the business.

Applied Economics

EVERY cent of the Sloanville currency was carefully accounted for. Each student was required to keep a careful record of what he did with his money. He was required to keep an itemized account of his buying, selling, and spending.

Each person kept a notebook in which he mounted pictures of products which he bought. For example, if a person bought a house, he mounted a picture of the house in his notebook. On the back of the page he indicated its price, the amount of the down payment, and the amount he had agreed to pay each month. The same procedure was used for other items.

Menus were prepared for a week before anyone was allowed to shop at a grocery store. Many of us were surprised when we found out how much it actually cost to buy food for a family. Our menus were planned on the basis of the size of our own families. Furniture buying and interior decoration became a common topic of conversation.

The learning experiences have been endless. The pupils learned to see the interdependence of one business with another. We began to appreciate the values and importance of effective and truthful advertising. We became better able to appreciate and respect the importance of fair laws and good government.

Inflation and deflation are not meaningless words for these students. With the introduction of more money into circulation and fewer restrictions on borrowing money, we discovered some of the causes of inflation. When money was withdrawn and it became more difficult to borrow money, we experienced deflation. By actually experiencing these things in our schoolroom community we more fully understood the meaning of inflation and deflation in the real community about us.

In real life the tax collector is an ever-present and important figure. The same was true in Sloanville. Mathematics was used extensively to figure federal and state income taxes, as well as city property taxes and sales taxes. But the use of mathematics did not stop there; we used it daily in running our businesses. Each month we took an inventory and gave reports on the financial status of each business. There was discussion of commission and rate of commission. As loans and investments were made, stocks, bonds, principal, interest and rate of interest found their proper places.

Other Phases of Community Life

HEALTH was not omitted. The director of health had a major responsibility; she took the monthly weights which were recorded on the heights and weights sheet used by the school nurse. In addition, she made morning health inspections for personal cleanliness, kept records of pupils who were absent because of illness, checked the eating habits of students, and was responsible for the writing of health pamphlets to display in her office.

The city treasurer kept a watchful eye on city funds. She also served as the city pay clerk and paid the city officials. She made a financial report to the mayor and city council every month.

The *Weekly Trumpet* was Sloanville's newspaper, for which the pupils wrote with enthusiasm. It kept the citizen up-to-date with the latest news, poems, stories, gossip and advertisements. In addition the paper published letters from other eighth graders over the United States, received in response to communications from us. The letters dealt with questions about history, economic development, and resources of their communities. Today, three years after the formation of the original Sloanville Community, former Sloanville citizens are still corresponding with friends developed in this way.

WNBC was Sloanville's radio station. It created a great deal of interest in writing, drama, singing, and public speaking. Radio programs were presented every two weeks. The setting was made as realistic as possible. The microphone was placed in a room next to ours with the speaker in the room where the community was located. Occasionally pupils from other rooms were invited to attend the broadcasts. Different students took part in presenting the radio programs, which were planned and coordinated by a permanent radio committee.

The bi-weekly program began with its theme song, which slowly faded out as the announcer came on by saying, "This is WNBC, Sloanville, Tennessee, a station that keeps you up to date with all the news of interest to you." Following that there was usually a song and then a commercial or two. The main body of the program varied from broadcast to broadcast. The radio committee put on plays, musical programs, and quiz programs dealing with the school and community. The program ended with a commercial and the theme song.

The manager of each business turned his commercials in to the advertising department where they were corrected for grammatical mistakes. Then they were given to the teacher for final correction and comment. When certain groups had similar grammatical difficulties, we met to analyze the mistakes made. Special assignments were made to give students a chance to concentrate on their special problems.

Learning Basic Skills

IN ADDITION to profound economic learnings, the fundamental skills were used extensively. According to the Stanford Achievement Test of the Em Series, remarkable growth was made in both language arts and arithmetic. In comparing two students with the same IQ, one of whom was in a more traditional class and the other a Sloanville citizen, we discovered greater growth in the community class in both language arts and arithmetic.

All activities were carried on under careful supervision. It may appear that there was much random activity—and in the beginning there was some unavoidable groping and confusion—but by the end of two or three weeks we were able to operate the community in an orderly fashion.

Interaction with Real Community

THE classroom experiences did not stop with the Sloanville community itself. Being a stimulating experience, it was only natural for it to expand into the Highland Heights community proper. Various survey teams made investigations of community needs and problems. One very successful project was the employment agency set up by the pupils. Members of this agency visited many nearby businesses to find out what kinds of employment were available for summer jobs. After much work a list of opportunities was made available. It is interesting to note that pupils selected jobs in businesses similar to those they operated in Sloanville.

The job possibilities led naturally to several days of planning and study about the best way to go about getting and keeping a job for the summer. In addition to employment in businesses, individual initiative resulted in other jobs.

The students have enjoyed working and being a part of Sloanville. They seem now to hold in greater respect those who govern the community in which they live. They realize more fully how complicated is the economic structure of our community and our nation. Finally, I believe that they have an increased faith in democracy, free enterprise, and the American way of life.

Whether or not an individual becomes a good citizen depends on his ability to handle his own adjustment problems. . . . He cannot have a real acceptance of democracy as a way of living, if he does not have a sympathetic understanding of fundamental human needs. (Elmer F. Pflieger and Grace L. Weston. *Emotional Adjustment: A Key to Good Citizenship.* Detroit: Wayne University Press, 1935. p.145.)

Junior High Students Study the Housing Problem

John Clemm

THE giant-sized letters stretched across the front of the auditorium, somewhat reminiscent of the old backyard wash line, spelled out the question, "WHAT ARE THE SOLUTIONS TO OUR HOUSING PROBLEM?" On the platform beneath the title sat three young ladies and two adults. The identifying placards in front of them indicated that two of the young ladies were student speakers, that the other was the student moderator, and that the adults were experts in the field of housing.

On the walls on either side of an audience made up of parents, students, and interested members of the community, were five panels of pictures, charts, cartoons, and graphs. The panels were labeled: "What are Our Housing Needs?" "Private Enterprise's Contribution to Our Housing Needs," "Public Housing's Contribution to Our Housing Needs," "The Housing Industry in the Total Economy."

At the conclusion of the meeting, the student moderator thanked the guest speakers for their contributions to the discussion and their praise for the student speakers. She then turned to the item of business that the students, parents, and teachers working with the "Action Through Correspondence Club" regarded as the most vital part of the meeting. With an earnestness born of conviction, she prompted the audience to put in writing their wishes in regard to rent control, public housing expenditures, and housing policy in general. Pens, paper and envelopes had been passed out, and the student ushers eagerly waited to collect the letters. With this collection of letters another "Action Through Correspondence" (ATC) meeting ended.

This is a brief description of a club activity designed to provide adolescents with experiences that would enable them to develop democratic attitudes, habits, ideals, and behavior consistent with the problem-solving method of teaching and what Maurice R. Ahrens recently described in *Social Education* as the "behavioral approach."[1]

Mr. Clemm, who teaches social studies at the Bentley School in New York, organized and carried on the project here described.

A Study of Housing

NEW YORK CITY is a city of large problems. One of its greatest problems is housing. With the influx of thousands upon thousands of migrant Puerto Ricans into the community in which our school is located, this problem made itself felt to the entire student body, but particularly so to the ninth-grade social studies class. This was not because they were any more civic minded than an other 'teen agers, but because their freedom to go about at night had been curtailed by their parents on the grounds that it was "too dangerous." The consummate ease with which they transferred all their dating problems onto the newcomers into the community was little short of amazing. It required relatively little knowledge of problem solving or the behavorial approach to recognize that this was an opportunity to plan a program of study with students that would better enable them to understand the community in which they lived and to guide them towards the recognition and analysis of the roots of the community's problems in the larger sense so that the problem of their immediate interest—namely, attendance at the Friday night movie—could be approached most intelligently.

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[1] Maurice R. Ahrens, "Priorities in Social Studies Instruction in Secondary Schools." *Social Education*, February, 1953. p. 63. "Careful study and consideration of the ways in which behavior may be changed, developed or fortified reveals that the most feasible and desirable methods for use in the classroom seem to be in helping youth solve the personal, social, and economic problems which are of concern to them or which society is demanding they solve. It follows then that education in the social studies should be based upon problems which are of concern to them or which society is demanding they solve." This succinct statement gives the reader an easy summary of the philosophy behind this project.

As the ninth-grade probed and studied the problems of the new migrant, a group of ninth-grade students belonging to the "Action Through Correspondence Club" suggested that the club hold a meeting on the subject of housing. Following the usual mode of operation, committees were formed to do research, to take charge of publicizing and arranging the meeting, and to obtain guest speakers.

The work of the research committee, made up largely of the student speakers, the student moderator, and others who had an interest and talent for preparing the visual presentation of the committee's findings, was based upon the following questions: What are we trying to find out? Where can we obtain the information? What should be our criteria for the evaluating of sources? What conclusions can we draw from our findings? On the basis of our conclusions, what action can we take or recommend?

THE potentialities of the housing study became apparent at the outset. As the economic aspect of the problem became more and more interesting to the students, it became necessary for the teacher to broaden the scope of the project. Two helpful charts were constructed for the purpose of supplying the project with flexible guideposts. One of these charts served as an extremely suggestive outline of the possible activities that might be helpful to the students in arriving at a better understanding of the housing problem. This chart was built around the teacher's knowledge of the students and the student-teacher planning that had taken place prior to and during the discussions. The second chart was an equally indispensable outline of the basic understandings in the field of economics that were considered essential to a valid and worthwhile understanding of the housing problem in the setting in which it was being studied. Both charts were constructed with two cardinal tenets in mind: one, that the teacher's role is that of the well informed guide; and, two, that the loosely designed charts were to be shaped to the maturity level of the students.[3]

At the outset, the club decided that a trip to a housing project was a must. Through the very able cooperation of the New York City Housing Authority, the students visited a slum area, interviewed several families living in condemned dwellings, and then were taken to a housing project. The contrast was so apparent that two stimulating ideas resulted from a follow-up discussion. First it was realized that income rather than race, creed, or color, was of prime import in any discussion of the causes for slums. Second, it was asked that if public housing so obviously solved the slum problem, why don't we just go ahead and build as many public houses as necessary? Our guide at the project spent several hours explaining to the students how housing built by the city, state, or federal government cost each one of their families more money in taxes. Further, it was pointed out that only those persons with low incomes could move into public developments with low rentals, otherwise everyone would take advantage of a splendid opportunity to save money. Several students immediately made the point that if there were no private realty holdings, there would be a lack of tax funds to support the governmental subsidizing of projects. Many club periods and after-school sessions were spent in asking and answering questions that reached to the roots of our economic system.

AT ABOUT the time these discussions were at their peak, the material we had sought from national realty interests arrived. Many arguments against public housing were brought to our attention that hitherto had been overlooked. Indeed, the need for constant reviewing of ideas we had held and for carefully defining terms became a recognized necessity. Materials from city, state, and federal housing agencies, from national and local realty concerns, from insurance corporations, banks, and from many periodicals and books were now reaching us.

Spearheaded by the student speakers, the research committee spent many afternoons after school, and when possible during school hours, interviewing experts in the housing field. College students from Barnard College were invited to have a debate on the topic during one of the ATC club meetings. City, state, and federal housing economists contributed their findings. The Metropolitan Life Insurance Company gave the students an insight into the workings of their housing projects. Terms such as Title I and III of the Federal Housing Act of 1949, V.A. mortgages, the Baltimore plan, subsidies, tax rate,

(Concluded on page 320)

[3] It is pertinent at this point to say that the enthusiasm, help, and cooperation of the Joint Council on Economic Education, the school administration, my colleagues in the art room and library, and my three student teachers, tended to make this type of project a live and vital experience. This, in turn, had a decidedly positive effect upon the students.

The New Economics

Arthur R. Upgren

IN MY opinion, the most important thing for teachers and laymen to know about economics is that the subject has changed very greatly from the "economics" they knew when they took a course usually called "Principles of Economics" and found they had covered something deadly.

In earlier days, economics was mostly a body of doctrine. It developed from the desire of scholars to record in classical abstractness the world they wanted to explain. The thought was that this body of knowledge would provide instruction for a limited number of bright young people who would in time enjoy an advanced, usually classical, education, and who would accept the responsibility of passing on man's accumulated wisdom in the area of economic principles to those who would follow in this routine. As the routine continued, the books became more refined in language, more abstract in conception, and always longer and generally much less useful.

Somewhere in more recent years our society became richer. As it became richer, it also indulged in more wars. The wars became more "total" in character, and more people were able to go to school between the wars. Now we *had* to record the "totality" of our resources and production. Thus did we learn *what we have;* still more important, *what we produce,* and *what each group consumes.*

GNP

OUT of the new effort came the measurements of what has become the "new" economics. It is not of course that the economics in question is very new. It is rather that the economist had to try to answer many new questions and to solve many new economic problems, and, in the process, found that an amazingly larger number of people were interested in his work.

The measurements are the totality of what I like to call our "GNP economics." The meaning of this term to me is that we have tables of substantial completeness which record our total "gross national product or expenditure." In these tables we have *measurements.* The measurements have made our new economics a known world, not an abstracted one in which the quantities were only guessed at. The availability of gross national product (GNP) estimates tells us what we have produced. Then if we know, as Dr. Nourse urges us to know, the sum of our resources and our available techniques, we are on our way to scientific procedures. These consist of altering, in a purposeful way to enlarge economic welfare, some element of national economic or business policy, and then observing the consequences in terms of national output.

This is the procedure of any empirical, inductive science. It has developed as our measurements have become wide in coverage and availability. What are these measurements and how do they help us understand our economy and its operation?

A Period of Contraction

The first measures we have tell us what is *produced* (GNP), and by whom this total output is *purchased.* These measures for 1929, 1933, and 1939 are, in condensed form, as follows:

Table I

Gross National Product	In Billions of Dollars 1929	1933	1939
Gross National production (GNP): Consumers' expenditures	78	46	68
Gross private domestic investment: Residential and other building purchases of machinery, tools, and additions to inventory	16	1	10
Net foreign investment:	1	0	1
Government purchases of goods and services, federal, state, and local	8	8	13
Total gross national expenditure	103	55	92

The author, who is Dean of the Amos Tuck School of Business Administration of Dartmouth College in Hanover, New Hampshire, and who also finds time to write for the *Minneapolis Star,* has recently published a short volume on the subject of *Economics For You and Me* (with Stahrl Edmunds). New York: Macmillan, 1953.

The story from Table I is easily told.[1] Total national production consists of output for consumers, for business capital investment, for foreign private investment, and for purchase by all governments—state, local, and federal. As this total output is produced, the "totality" of society is paid the proceeds of that production. This totality of income recipients includes workers, landlords, professional classes and small businesses, the receivers of interest and dividends, corporations retaining undistributed profits, and finally, but today by no means least, all the tax-collecting agencies.

The process of production pours goods forward for sale. Backwards, out of the act of production, flows income to the producer. As the income is received, it is spent on the total national production. Thus total national product at once equals, and becomes the same as, "gross national expenditure." This is in accordance with Say's "Law of Markets," in which more than a hundred years ago a French economist, J. B. Say, declared that production finances consumption, and that markets will be able to absorb total production, unless:

People suddenly save more, or pay off debts;
Or businessmen add to their inventories;
Or people decide to spend more rapidly;
Or businessmen decide to liquidate inventories;
Or government outlay for foreign aid and national security purposes are changed.

Reverting to Table I, we easily see that total output fell most in the business investment classification. The decline was more than 80 percent. Since *prices* of construction, machines, and factories declined very little, most of this decline was very "real" in total output. That means it was a big decline in units. As a result there were two fateful consequences:

First: Unemployment rose markedly;
Second: As output in these "heavy goods" industries declined, incomes of workers in them declined; As incomes in these "primary" areas declined, there was diminished spending for consumer goods (food, tires, automobiles, etc.), and this led to a "secondary" decline in income of all who furnish consumers goods and services.

The quickening of unemployment and loss of incomes from primary to secondary industries is measured by a "multiplier" whose value is taken to be equal to 2.00. By this multiplier is meant that a first decline in heavy industry output is followed by another similar decline in consumer and service industries such as travel, dining out and beauty parlor work. But the main point we have illustrated is *economic contraction,* or downward spiralling depression.

Since the United States, with only seven percent of the world's people, enjoys about 35 percent of the world's total consumption of consumer goods, we have a high state of "welfare" of a materialist kind (the production and consumption of which at least cost is the subject matter of economics).

Now this great gain is the product of more machinery, better machinery, more horsepower, better trained workers, and well-organized methods of management. The tools the workmen use are the product of our capital formation.

Thus we have seen how incomes decline, how welfare is reduced and how unemployment is enlarged. All these doleful things occur when *capital formation* declines greatly. Clearly, we want to be a capital-using or plainly a "capitalistic" society. We enjoy larger incomes and greater supplies of consumable goods at lower costs and shorter hours as our society becomes more and more capitalistic.

A Period of Expansion

Now in the use of our GNP economics let us consider a period of marked expansion, the recent war and postwar period, as described in Table II.

The story in Table II is easily told. Government spending for war gave full employment. Private investment and multiplied consumer incomes gave increased total employment and

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[1] All the information used in this and the following tables has been compiled from the invaluable "Economic Indicators" or the President's Economic Report for January, 1953. The former is a monthly publication available from the U. S. Government Printing Office at Washington (20 cents a copy, $2 annually). The latter is available from the same source (usually 55 or 60 cents), but whether, pending its present fiscal and personnel transfusions, the Council of Economic Advisers, once so ably headed by Dr. Nourse, will be able to revive publication next January is not yet known.

The principal "gross national product" tables are available each month in the Federal Reserve bulletin and in appropriate quarterly issues of the department of commerce's Survey of Current Business. This publication devotes the major part of each July number to its most useful "Annual Review Number" which brings the entire GNP tables up to date each year. The student of facts and figures also will want the July 1951 copy of the Survey for its complete past statistics and the entire (difficult) gross national product methodology (in relation to national income, personal income and many other important related "economic universes").

TABLE II

Gross National Product in Expansion	In billions of dollars 1939	1944	1950
Consumers' purchases	68	112	195
Gross private domestic investment	10	8	53
Net foreign investment	1	—2*	—2*
Government purchases of goods and services	13	97	22
Total gross national products	92	215	268
Total civilian employment	45,750,000	53,960,000	59,957,000
Total unemployment	9,480,000	670,000	3,142,000

* Represents excess of imports

reasonably low unemployment thereafter.

In Table III the "GNP Story" is given for the period immediately before the outbreak of conflict in Korea and shortly after to reveal how the American economy brought inflation under control.

In the first part of Table III, the causes of inflation are revealed. Consumers' purchases were increased by 21 billion dollars from pre-Korean levels (we, as consumers, naturally attempted to purchase the goods before the hoarders got them); business increased its total purchases by seven billion dollars for all construction, including housing, and five billion dollars more for inventories alone. Here we find two components of spending—consumers' purchases and business investment—each of which produced more inflationary pressure than the suddenly increased government spending for national security.

Yet consumer demand was stated, particularly in view of the fact that the recorded *increases* in business investment in inventories, in the second quarter of 1951, attained an all-time record-breaking size of *increase,* the gain being 16 billion dollars. As we consumers noted the more-than-ample supply of goods we were obtaining *and* the fact that business could add so mightily to inventories in addition to supplying the enlarged consumer demand, we quickly reduced our purchases despite our increased incomes.

ALL this occurred in the spring quarter of 1951. It was at that time that the burden of heavily increased taxes was felt. Thus, by our voting adequate taxes, by our reducing spending and increasing saving, by our ability to meet all consumer needs and enlarge inventories, inflation was brought under control. The important price indexes and the figures for consumer saving and for total tax collections in this period were as follows:

Indexes	2nd Qtr. 1950	1st Qtr. 1951	2nd Qtr. 1951	2nd Qtr. 1953
Consumers' prices (cost-of-living)	102	110½	111	114
Wholesale prices	100	116	116	110
Prices received by farmers (in billions of dollars)	100	126	123	105
Amounts in Billions of Dollars				
Consumer (personal) saving	9	8	18	18
Net federal Budget receipts	37	48	48	65
Total inventories	54	73	74	78

In the three price indexes listed above we see how well inflation has been stopped. Wholesale prices and farm products prices have declined since 1951. The index of consumer prices, to be sure, continues to advance and is three percent above the level of two years ago. Here we observe a case of "delayed inflation." What has happened is that the commodities which are included in this cost of living index have declined. However, about 28 percent of this index represents "services" such as electricity, gas, transporta-

TABLE III

How inflation was caused (1950 to early 1951), and how inflation was stopped (in 1951)	In billions of dollars and each period at annual rates 2nd Qtr. 1950	1st Qtr. 1951	Change	2nd Qtr. 1951	Change from 1st Qtr. of 1951
Consumer purchases	189	210	+21	205	—5
Business investment (exclusive of increase in inventories which are separately listed)	43	50	+7	49	—1
Business inventories	5	10	+5	16	+6
Net foreign investments	—2	—3	—1	0	+3
Government Purchases:					
For national security	17	27	+10	34	+7
All other	23	26	+3	26	0
Total	275	320	+45	330	+10

tion, telephone, and medical services. All but the latter of these five are moving up in price as public service commissions grant rate increases to cover the additional cost of two years ago when coal and copper, wages and materials advanced in price. These prices are not advancing today because there is a *present* inflationary pressure. The final item is rent. This is being made a "free price" in most areas and a steady upward movement has resulted. This is not the product either of inflationary pressures of today. Rather it is the result of an inflation which no doubt would have occurred several years ago had not rent control been maintained.

IN THIS brief analysis, we have looked at a few special economic problems. Our purpose has been to show the extent of the analysis which has been made possible by the figures we now have so readily available for the economic performance of the nation.

The more important conclusion to be reached from this brief survey is that economics is very little different from other studies. Economics, as all other sciences, must use the principles of the "scientific method" to secure the scientific knowledge we seek. This knowledge runs in terms of "cause" and "effect." The scientific method embraces the following procedures:

The collection of pertinent information or "data."

The classification of this information in a useful, generally in a "comparative," form.

The analysis of the data and information (GNP analysis).

The drawing of conclusions, tendencies, "laws," or more commonly cause and effect relationships (as in all sciences).

The "testing" of the conclusions and the validating of the determined causal relationships.

Fortunately the department of commerce and other agencies collect, arrange, and classify economic data for us. They do this according to certain "welfare" objectives to which we all assent. Economics therefore is now concerned with further analysis and drawing conclusions that "if this is done" (specific national or business economic policies adopted), then certain predetermined consequences will follow.

JUNIOR HIGH STUDENTS STUDY THE HOUSING PROBLEM

(Continued from page 316)

profit motive, and socialism, were incorporated into student vocabularies and excitedly discussed.

TWO interviews are worth special comment. One committee, including several art majors, visited the Museum of Modern Art for an interview on the subject of architecture. The models of buildings there fired the imagination of the students with visions of what could be done to make living healthful and comfortable. The problem of building materials and their costs had been read about and discussed with contractors and manufacturers, but now they took on a heightened meaning as the students observed the various models and felt the actual weight of the differing metals, plastics, and other building materials. This was so fascinating a topic that an interview with one of the country's foremost architects and designers was arranged. Although the concept of design and living was further developed at this meeting, the students were a bit perturbed when again the ugly head of the cost factor popped up to be considered.

A final interview with the guest speakers from the Citizens Housing and Planning Committee enabled the student speakers to check their own understandings and at the same time receive the point of view of those long in the field.

Meanwhile, the committee working on visual presentation prepared a five panel summary of the club's findings. Of particular significance insofar as economic learnings are concerned, was the panel showing the relationships of the steel, transportation, glass, lumber, and concrete industries to the housing industry.

OUT of this project the students gained experience in working and planning toward a common goal, not only with their fellow students, but with interested community leaders and experts. They reached a clearer understanding of economic terms such as low-income groups, public housing, tax rates, profit, and federal subsidies. They reached a clearer understanding of their own community and of the place of the new housing development in their neighborhood.

Fresno County's Community Life Series

Walter G. Martin and Lars Barstad

CAN lay people and educators work together in building a curriculum in our schools? Here is the story of how it was done in the Fresno County School System of California. The need for classroom materials on a local level was felt by both the teachers and the members of the County Superintendent's office. The County Superintendent and Curriculum Director personally contacted several prominent laymen in the community for the purpose of exploring the possibility of developing materials on basic local industries for classroom use.

As a result of these preliminary contacts, a meeting of representatives of seventeen industries[1] and the County Superintendent and members of his staff was held on November 6, 1946. An organization of this group was formed for the sole purpose of providing the necessary materials for studying about local industries in the schools of the county.

Each cooperating industry contributed a substantial sum of money toward the development of the materials. This was deposited in an account known as "The Fresno County Educational Publications Fund." The County Superintendent was authorized to call upon it as needed. Each member further agreed to provide original manuscripts and pictures (eight-by-ten glossy prints) containing pertinent information about his respective industry. A lay coordinator was appointed by the business people to represent the industries, with the assignment of working with the Curriculum Director to make contacts and to give other help as the need arose.

After this meeting the County Superintendent appointed a staff committee to work with the Curriculum Director on the planning of the project. It was decided to prepare materials on the following basic industries: Dairying and Raising Livestock; Irrigation; Cotton; Petroleum; Grain; Fruits; Transportation; and Poultry. This committee consulted at length with many teachers and administrators concerning the preparation of materials in these fields. As a result, many valuable suggestions from the teachers were incorporated into the final plans and it was decided that the materials should be prepared on a third and fourth grade reading level. It was also agreed that the booklets should be well illustrated and that additional study prints, well mounted for classroom use, should accompany them.

This brief report of a significant educational project was prepared by the Superintendent of Schools (Mr. Martin) and the Director of Curriculum (Mr. Barstad) of Fresno County, California.

Procedure

The following twelve steps describe quite accurately the procedure followed by the committee in the development of the material.

1. The original script and pictures were provided by the industries.
2. The Curriculum Director and members of the Educational Committee consulted various other sources of information (field trips and interviews) and rewrote the story at the reading level of the pupils who were to use the material.
3. Additional pictures were taken by the photographer of the County Schools staff, under the supervision of the Curriculum Director. The best pictures were made into study prints to accompany the mimeographed books.
4. A limited number of the booklets were mimeographed.
5. Five or more pilot teachers were chosen

[1] Industries cooperating in this project were: Borden's Dairy Delivery Company, Fresno; Boston Land Company, Westhaven; California Fig Institute, Fresno; Coca-Cola Bottling Company, Fresno; Elmer C. von Glahn, Corcoran; Fortier Transportation Company, Fresno; J. E. O'Neill, Inc., Fresno; Jourdan Concrete Pipe Company, Fresno; Pacific Gas and Electric Company, Fresno; Peerless Pump Division, Fresno; Producers Cotton Oil Company, Fresno; Russell Giffen, Huron; San Joaquin Baking Company, Fresno; San Joaquin Valley Poultry Producers Association, Fresno; Selma Dressed Beef Company, Selma; Standard Oil Company of California, Fresno; and Sun-Maid Raisin Growers of California, Fresno.

to use and evaluate the material in their respective classrooms.

6. These teachers met with consultants from the County Superintendent's office for explanation of the project.

7. Field trips were taken by teachers to various industries to observe the processes which would help them in their teaching and use of the trial materials.

8. Approximately six weeks were consumed in the pilot study activity. Consultants from the County Schools Office worked very closely with the pilot teachers and assisted them in the use of the materials in the classroom.

9. Teachers met with educational consultants and evaluated the materials in the light of their actual classroom use. Necessary changes were made and the manuscript was revised.

10. Cooperating industries were contacted for their re-evaluation to make certain that no important facts had been omitted or misinterpreted. Pictures, which were found to be most helpful in the study, were chosen to be placed in the printed booklet or made into study prints.

11. The booklets were printed in sufficient number to supply each pupil in the classroom where the book was used. (Experience has shown that teachers have used these materials with certain pupils at every grade level.)

12. Study prints, in sets of 25, well mounted for classroom use, were made up to accompany the booklets. Area meetings were held to acquaint the teachers with the best possible use of the new materials. Suggested procedures, in the form of a manual, were given to the teachers. The teachers were also provided with lists of other instructional materials, available through the County Schools Library and Audio-Visual Department, to supplement the prepared material. Field trips were arranged for the teachers during the year by the Curriculum Director and laymen. Teachers were encouraged to take pupils on similar trips wherever possible.

An acknowledgement in each book lists names of participating industries and the pilot teachers. No advertising appears in the booklets. The booklets are copyrighted in the name of the County Superintendent of Schools.

As a result of this cooperative activity, teachers as well as pupils have become much more informed about the communities in which they live. Parents have also expressed approval of this new approach to the development of social and economic concepts. The enthusiastic reception and use of these materials have been very gratifying.[2]

[2] Further information relative to Fresno County's Community life Series may be obtained by contacting Walter G. Martin, County Superintendent of Schools, 2314 Mariposa Street, Fresno 21, California.

THE JOINT COUNCIL ON ECONOMIC EDUCATION

(Continued from page 296)

contain a scholarly analysis of the problem under discussion; suggestions for classroom activities; and a list of selected readings and classroom aids.

A Final Word

BEFORE we left the Joint Council offices, we asked the director two other questions. The first: How do you finance your activities? The second: Are you trying to promote any particular type of curricular organization or any particular method of teaching?

The state and local councils raise the money they need in their own communities from a wide variety of sources—from local foundations, from business, from labor, from agriculture, and from civic groups. Once this money has been raised, complete control over how it shall be used resides in the hands of the professional educators who have the majority voice in local, state, and national organizations. Funds for the Joint Council are supplied by grants from the Fund for Adult Education and the Committee for Economic Development.

The Joint Council is not seeking to promote special courses in economics or any particular type of curriculum or method. It believes that the individual needs a knowledge of economics to function effectively as a consumer, as a member of the community in which he lives, and as a citizen of the United States called upon from time to time to pass judgment on national policies. It believes that the individual can acquire this necessary understanding from existing courses of study *provided* these courses are properly focused and organized. The Joint Council is interested in helping to train leaders for this important job, and it invites the cooperation of every interested individual and organization.

Economics in General Education

Archibald M. McIsaac

IN THE total complex of present-day civilization, economic relationships and behavior patterns comprise an all-pervasive network that involves every individual and group. Therefore, however one may conceive the objectives of general education—either in terms of aiding the individual to find a perspective from which to view the complex in meaningful terms, to achieve a fuller understanding of the society in which he lives, to lay the foundations for a satisfying integration of his own personality in the group relationships in which he is participant, to play an informed and responsible role as a citizen in a democratic community—it seems clear that some understanding of the economic aspects of life is an essential part of a well-rounded scheme of general education.

This paper is primarily concerned with possible ways and means of bringing economics into, and making it a significant part of, the educational program of college students who do not expect to make economics as such a major part of their undergraduate training.

The wide diversity of practice in American colleges and universities with respect to the inclusion of economic content and courses in undergraduate programs in general education gives ample evidence that there is no single solution to this problem that appears appropriate to the conditions prevailing in each institution. Merely to catalogue the various approaches that have been followed to date would far outrun the confines of such a paper as this. A few may be identified, however, to indicate the range of the alternatives available, and the discussion will be confined largely to two or three patterns which are, perhaps, most generally applicable.

The author is chairman of the department of economics in the College of Liberal Arts of Syracuse University. He has written a number of books and articles, has served as an economic consultant for federal and state government agencies, and has been staff economist for several workshops run by the Joint Council on Economic Education.

Introducing Economic Content into Other Courses

WHERE the limitations on time in the students' programs are extreme, it is necessary to explore the possibilities of injecting economic content and overtones into other courses that do appear explicitly in the program, such as history, sociology, or political science. There are, obviously, numerous points at which significant tie-ins with economics could be achieved in such courses, particularly in the treatment of specific problems. But it is equally clear that any systematic view of the economic process would be difficult to convey by this means, that the scope of economic coverage would depend largely on chance, and that the outcome in terms of economic understandings achieved would rest on the breadth of vision, the interest, and the economic competence of those responsible for instruction in such other courses.

Economics in the General Social Studies Course

ANOTHER alternative is provided by the general introductory course in the social studies, frequently required of all first-year students, often in conjunction with similar "survey" courses in the other major divisions. In such courses economic content is usually provided for explicitly, either as a separate bloc or distributed throughout the course according to some pattern of "integration" with the other social studies. There is considerable variation in the space allotted to economics, ranging perhaps from four to six or eight weeks in a two-semester course.

Commonly such a course has become segmented, with each of the social studies allotted its turn at bat. The hazard here is the temptation to cram too much into the allotted time, to produce a superficial tabloid of an entire field, leaving the student either frustrated by a sense of lack of depth of perception at any point, or satisfied with easy partial answers to complex relationships and problems. Largely lost, in the segmental approach, is the possibility of effecting a working integration of the resources of the several social studies.

Ideally such a course would introduce the student to the multifaceted character of the societal life of which we are a part, and show how the several social studies supplement and reenforce each other in providing insights into the relationships and behavior patterns that link people to each other as individuals and groups, and collectively comprise the continuing process of social life. Organizational patterns and group processes might be examined, concurrently in terms of their social, psychological, political, and economic aspects, with emphasis on the how and why of the total interaction.

Such an approach, however, makes high demands on the skill and training of the teacher, since it implies conversance with the essentials, not of one discipline or two, but of several, and an ability to handle them in multiple harness. This type of training is not generally provided in conventional programs of graduate study on departmental lines, although it is being approximated in special advance degree programs (such as that leading to the Doctorate in Social Studies) in a number of American universities.

Very real practical problems attach to the implementation of such a course, largely by reason of its relative size when required of all students. Multiple sections are virtually unavoidable, and in many institutions the staff requirements become formidable, capable of being met only by recourse to the lecture-plus-discussion-section framework of organization, with junior staff members handling discussion sections. In view of the problem of maintaining coordination of instruction, of achieving uniformity in testing procedures, and the like, it is not surprising that the potentialities of an integrated approach are frequently surrendered to the easier articulation of a segmental arrangement. Nor is it hard to see why there have been widespread doubts as to the adequacy of such a course.

The Distributional Requirement

MANY institutions large and small have sought to prescribe breadth in students' perspective by imposing a "distributional" requirement at the lower class level. Under this requirement students must typically spread their election of courses in the first and second years in such a way as to get the feel of the laboratory sciences, the humanities, and the social studies, without having the vehicles for that experience explicitly prescribed. Usually a student can fulfill the social studies requirement by electing an introductory course in history, political science, sociology, economics, or perhaps psychology, geography, or philosophy. Where such a distributional requirement is coupled with a required introductory course in the social studies as a whole, the student normally gets some exposure to economics; but where it is not, his exposure remains a matter of free choice. In any event the distributional requirement *per se* does not insure such an exposure.

The Required Course in Economics

SOME institutions require all students, or all students in certain designated programs, to take an introductory course in economics as a part of their general collegiate training. In some instances the same course is administered to all students, including prospective majors in economics and business administration, along lines designed to provide a base for further technical training. In other cases the course is designed as a terminal course, with special provision made for those who expect to go on in the field.

What of the introductory course in economics, either required or elective, as an instrumentality of general education? With perhaps a few notable exceptions, the record has not been impressive to date. But it can be argued, with some reason, that the introductory course has seldom really been planned with the needs of the non-specialist uppermost in view. Introductory courses in economics have generally been framed by economists with an eye to the assumed needs of prospective majors, and have been presented to all comers (willing or unwilling) on the assumption that it would be good for them to know something of the scientific method as manifested in the words and works of the economists. This viewpoint may be valid enough if the course is considered as one of several alternative ways by which the student may learn something of the methodology of a social science. Its tenability is much less secure if the course is thought of as the channel through which students may attain some understanding of economic life as part of general education.

In most institutions the proportion of students enrolled in the introductory economics course who are prospective majors in economics or in business administration is relatively small, in comparison with those for whom it is in all probability the only course to be taken in the field. This suggests, then, that the course should be treated, frankly, as a terminal course. The choice of approach and content should be guided constantly by a consideration of what sort of presentation would be most likely to build in the stu-

dents an awareness and sense of significance of the institutional structure and relationships, and of the behavior patterns and interactions, that comprise the economic aspects of social life. If it is seriously felt that such a course would provide insufficient grounding in the techniques of economic analysis for those intending to go on in the field, the obvious solution would be to differentiate the students in the course and provide special sections for those whose needs are more definitely professional in character.

Designing for General Education

ASSUMING that an introductory course in economics is to be designed for general education purposes, with non-specialists in mind, the question arises as to how it may be balanced as between the descriptive or institutional, the analytical, and the "problem" approaches. Here again there is no clear-cut answer. The position of this writer, however, is that description unaccompanied by appropriate and relevant analysis is basically sterile, and that a concentration on a series of current problems *à la* "current events" is also likely to prove of little value unless, in some way, these problems can be put into perspective as phases of the economic and social process as a whole.

The crux of the problem of course design, then, is to find a clearly relevant and significant framework around which to build up the students' appreciation and understanding of the economic institutions of our contemporary society, of the modes of analyzing economic relationships and behaviors, and of the issues of private and public policy that present themselves to us as we seek to assess the possibilities of making our economy better serve our individual, group, and community interests.

Again it is clear that there are many possible solutions to this problem. One suggestive line of attack was explored in considerable detail by a committee of economists at the 1953 Riverdale Workshop of the Commission on Economics in Teacher Education, which undertook to work out a plan for an introductory course specifically aimed at general education. It took the general conceptual framework provided by the national income and product analyis (comprising the national economy as a whole, and its major sectors or components—the household sector, the business sector, the governmental sector, and the rest of the world) as the basic organizing pattern around which to build up the institutional, analytical, and problem content of the course. This choice reflected the major significance which attaches, in present-day discussion of economic problems and issues, and in the formulation of public and private business policies, to the major measures of activity, both for the economy as a whole and for the various sectors.

The discussion of the household sector, for example, would provide an opportunity for treating the institutional arrangements under which people live and work in our present-day society, their patterns of behavior in the getting and using of income, the nature of the problems that they face in adapting themselves to the vicissitudes of economic life. Here could be included not only a consideration of the nature and characteristics of consumer demand, in an institutional setting, but also an examination of the individual and group attitudes and arrangements that tie in with income determination.

The consideration of the business sector would include the arrangements under which private business activities are organized and carried on, the factors governing basic business decisions respecting prices, production, employment of resources, the workings of the monetary, banking, and financial mechanism, and the forces tending to produce either expansion or contraction of private business activities.

The discussion of the governmental sector would serve to put in perspective the contemporary role of government at all levels, its significance as a source of total product and income, and as a user of goods and services, the considerations governing the scope and magnitude of governmental activities, and its potential influence either as a stabilizer or destabilizer of the economy as a whole.

In such an approach the basic concepts and analytical tools would be developed as, when, and to the extent that, the need for them became apparent. It would thus end the dichotomy which so frequently appears between "theory" and "applications." It would serve to interweave the aggregate and the "microeconomic" aspects of economic analysis in a single, coherent pattern. Building up the presentation of the structural aspects of the economy in terms of the sector concepts would also tend to lead naturally into the corresponding measurements of the national income and product, and enable them to be seen for what they are—devices to keep track of what is going on in the economy as a whole and in its major parts. Thus the analysis would become essentially operational, and relevant to questions that are of real concern today.

The Issue of Inflation in the Election of 1896

Willard J. Gambold

IN MAY, 1952, the writer's eleventh-grade class in American history at Broad Ripple High School had an opportunity to participate in a television series, sponsored by the Indianapolis Public Schools on Station WFBM-TV. The group was studying the historical period of the 1890's, and proposed to center the program (limited to 22 minutes of broadcast time) around the Bryan-McKinley election of 1896 and the attendant issue of inflation.

Planning and Preparation

THE telecast represented, as nearly as possible, an actual classroom situation. However, much preliminary planning was necessary. The pupils, in appointing committees and assigning responsibilities, decided to emphasize one point in particular, namely: that they should constantly endeavor to keep open the line of communication from the 1890's to the 1950's. History, they agreed, is worthless unless it can relate the lessons of the past to the problems of the present.

The class secured much help from a resource unit entitled, *Inflation and Controls.*[1] The unit was developed by a group under the guidance of Professor Leonard Rall, Michigan State University, at a Washington University (St. Louis) Workshop in 1951, sponsored by the Joint Council on Economic Education. It posed the general problem of inflation and controls and outlined a series of desired outcomes, suggested activities and evaluation devices, all of which aided the pupils in their planning.

During the week before the program went on the air the students spent much time in arriving at some important objectives. There was general consensus on a number of understandings, skills, and attitudes inherent in a study of inflation. The following outline contains some of the desired outcomes which the class agreed upon.

Understandings

- To understand what inflation is.
- To recognize the various causes of inflation.
- To understand the effects of inflation on various economic groups such as farmers, debtors, creditors, wage earners, etc.
- To understand how changes in the money supply affect prices and production.
- To understand how a wartime period creates conditions which lead to inflation.
- To understand the importance of the actions of consumers as a factor in the inflation picture.
- To understand the present role of government in the control of inflation as compared to government action in previous inflationary periods.
- To understand that intelligent citizenship in our political and economic system requires economic understand on the part of each individual.

Skills

- To improve the individual's ability to work as a member of the group.
- To develop ability to accumulate data from many sources, organize it, and use it as a basis for forming understandings relative to the problem.
- To acquire and use a vocabulary of economic terms.
- To reason logically and scientifically.
- To acquire skills in the making, reading and use of graphs, charts and statistical tables.
- To make generalizations on the basis of readings, class discussions and interviews.
- To read current materials and evaluate their content as to fact and bias.

Attitudes

- A realization that, as a citizen and a consumer, the question of inflation and its consequences are of particular concern to him.
- An appreciation of the importance of democratic participation in attempts to control inflation.
- A desire for the facts which will influence the student

The author of this article served for a time as head of the social studies department of Broad Ripple High School in Indianapolis, and, more recently, spent a year on a Ford Foundation Fellowship studying economic education programs in schools and industries throughout the United States. He is now director of Indianapolis At Work, a project engaged in the production of curriculum materials on local industries for the public schools of Indianapolis.

[1] *Inflation and Controls.* Resource Unit No. 2. (1951) This Resource Unit may be secured from the St. Louis Regional Council on Economic Education, Washington University, St. Louis 5, Missouri.

to seek more information about the subject from magazines, forums, news articles and pamphlets. He will prefer thoughtful discussion to bombastic declamation.

A faith in our system of free enterprise and hence a willingness to contribute to the productive capacity of our economy.

A desire to maintain an attitude of constructive criticism of the policies and actions that affect our free economy.

A willingness to adapt himself to a changing world and to face the evident fact that new conditions bring new and complicated problems for our economy.

A desire for democratic values which will give greater weight in arguments to the general welfare than to special interests.

A study of the government's economic and fiscal policies following the Civil War had laid the groundwork for the appreciation of inflation as a political issue. The resumption of specie payment, the Bland-Allison Act, falling agricultural prices in the Eighties with the consequent plight of the farmers, the Populist movement in 1890, and the panic of 1893, had all helped to set the stage for William Jennings Bryan. It was against the chronological background of these events that the class had developed an interest in the general problem of inflation.

OFTEN, however, it takes an anecdote to sharpen the issue. One of the students related an experience of a few days before. While she had been downtown waiting for a friend she noticed that the people passing by appeared to be scuffing something up and down the street, not bothering to pick it up. Finally, becoming curious, she walked over to the curb and reached down for the object. It was a penny. When she related her story to the class another pupil immediately observed that our lowest unit of money, the one-cent piece, had become of so little value that the passersby didn't bother to claim it. The class agreed that this was certainly tangible evidence of the cheapness of our money.

The interest of the class was now aroused and they determined to pursue other sources of information. Among the developmental activities was the showing of a New York Times film strip, "The Shrinking Dollar." The bulletin board committee secured a variety of displays. One was a Road Map of Industry chart on "Taxes, Inflation and Income," comparing 1940 net income with that of 1951. Another was a current issue of *Economic Indicators.* Still another was a clipping from a local, 1940 newspaper, showing the prices of meat and other foodstuffs. Placed alongside this was a 1952 supermarket advertisement of the same commodities. Also displayed was a facsimile of an old advertisement from Delmonico's Restaurant, New York City, circa 1840, indicating unbelievably low prices for meals.

The project evoking the most discussion was the display of two sacks of grocery items, each costing the same, but one bought with 1940 dollars, the other with 1952 dollars. The contrasting size of the sacks was, of course, an object lesson in dear money versus cheap money.

An interviewing committee contacted pensioners and receivers of fixed incomes in order to get their reactions to spiraling prices. A banker was invited to speak to the pupils. A wire recording of an American Forum program, debating the subject of price controls, was played back to the class.

Meanwhile, the textbook, supplemented by related references, served as the core of the unit around which the body of information was to be mastered by the class. Without this common ground, many pupils would leave the problem with superficial judgments and scraps of information rather than a sound understanding. Broad Ripple High School is fortunate in having a reference room where class members may spend another period of the day reading assigned reference books and materials pertinent to the classroom work. The room, staffed by students, contains multiple copies or seven or eight collateral United States history textbooks.

The Broadcast

THE culminating activity of the project was the actual telecasting from the classroom. Twenty-two minutes had been allotted to the broadcast, and it was almost impossible to maintain anything like a normal atmosphere in the few minutes before we were to be on the air. Television cameras, cables, and other mobile equipment did much to distract the pupils, while even the teacher felt somewhat uncomfortable as he attempted to conceal a portable microphone, attached to a seemingly endless cord, inside his coat. The feeling of apprehension increased as "on-the- air" time approached, but once we were "on," all rose to the challenge.

The program opened with a discussion of the situation leading up to the election of 1896. Oral reports were given on the background of candidates McKinley and Bryan. Such terms as "the advance agent of prosperity," "the boy orator from the Platte," "the full dinner pail," and "16 to 1" were clarified by various pupils. One student described the Democratic National Con-

vention at Chicago and read to the class the closing paragraphs of Bryan's "Cross of Gold" speech.

The question of inflation quickly came up for discussion. Bryan's championing of the cause of the farmer, the laboring man, and the cheap money faction in the Democratic party led one pupil to draw a parallel between the political issue of cheap money then and now. Attention was called to the fact that in 1952 the government had a different set of mechanisms for the control of prices than was the case 56 years ago.

A member of the bulletin board committee explained certain of the displays mentioned. The Delmonico restaurant clipping, the Road Map of Industry, and the two contrasting sacks of groceries evoked particular discussion. Incidentally, several among the television audience commented favorably on the use of these visual aids.

The victory of McKinley, the significance of the election, and the passage of the Gold Standard Act of 1900 were quickly summarized in class discussion.

IN THE closing 90 seconds of the program one pupil called attention to the high percentage of suffrage participation in 1896 as contrasted with recent presidential campaigns. He documented his remarks with a chart showing the relatively small proportion of the popular vote in the last seven presidential elections and pointed out that only 50 percent of the eligible voters had cast their ballots for presidential electors in 1948. With that, he turned to a small voting machine, loaned to the school by the League of Women Voters, and briefly described its use in school elections. Partly because 1952 was an election year, and, more importantly, because sound citizenship education dictates that every year should be an election year in high school, the student made a strong plea for increased participation at the polls. At this point the class went "off the air."

Regrettably, in the limits of 22 minutes, there is little time for the nuances of expression and the refinements of opinion among the members of the group. However, the teacher was careful to employ several evaluation devices in subsequent class periods. Of particular help in clarifying points and sharpening issues was a series of critical thinking exercises, modeled after Morse and McCune's *Selected Items for the Testing of Study Skills*.[2] One on "Recognizing Biased Statements" and another on "Distinguishing Between Statements of Fact and Statements of Opinion" proved very useful. Many students, particularly if they have never been exposed to such tests, find them most provocative and stimulating.

Techniques other than paper and pencil tests may be of several types. To mention a few, there are rating scales, surveys of student opinion, observations of classroom behavior, and personal questionnaires. Rating scales may be developed cooperatively by pupils and teachers. Following are a series of statements which the class used by checking from strong to weak or from inflationary to anti-inflationary:

Directions: Mark the following statements either inflationary or deflationary by inserting *I* or *D* in the blank preceding the question.

______ Defense spending
______ Deficit spending
______ General tax rise
______ Bond sales to banks
______ Bond sales to individuals
______ Price roll-backs
______ General wage increases
______ Farm price supports
______ Increased hourly productivity

EVEN though the television program constituted the culminating activity of the project, the question of "What can we do with what we have learned?" becomes still more important as the pupils leave the classroom. The greatest challenge in teaching today is to lay the groundwork for a bridge sturdy enough to span the distance from adolescent learning to adult doing. Facts garnered and opinions formed must serve as guideposts for an intelligent course of action in later life.

[2] Horace T. Morse and George H. McCune. *Selected Items for the Testing of Study Skills*. Bulletin No. 15, 1949. First Revised Edition. Washington, D.C.: National Council for the Social Studies.

It is true that we cannot all be fountains of energy and novelty throughout every day, but we ought, if we are teachers, to be so keen on our own subjects that we can talk interestingly about unusual aspects of them to young people who would otherwise have been dully neutral, or—worse—eager but disappointed. A teacher must believe in the value and interest of his subject as a doctor believes in health. (Gilbert Highet. *The Art of Teaching*. New York: Alfred A. Knopf, 1950. p.15.)

International Economics Taught by Problem-Solving Approach

Lawrence Senesh

THE scene was Elizabeth Barrett Browning Junior High School in the Bronx, or P.S. 115, as the numerically oriented New Yorkers would have it. The time was an ordinary afternoon in the spring, but not "ordinary" in one of the social studies classrooms where the occasion made the afternoon far from routine. The room itself gave the impression of competence. Ranged about the walls were student-prepared displays and posters, which in logical progression explained the broad outlines of international economics. Visitors occupied the back rows: high school teachers, who came to observe, and leaders of adult education organizations, who came to discover how a method in the learning of complex economic issues, successful with a ninth-grade class, might be applicable to their own field.

The Hearing

THE program was a student show. Rose Wagner, the teacher who was responsible for the project, after explaining that her class was a "special progress" group of girls, turned the meeting over to her students.

The chairman stepped forward. With unusual poise and nicety of phrase, she set forth the purpose of the study—the need for students to become capable of making decisions regarding vital economic and political issues:

> International trade is not only the exchange of goods and services, but also the exchange of men and methods and of ideas and ideals. Because the resources of the world are not evenly distributed, trade is necessary. No nation can exist self-sufficiently, just as no individual can. You need such necessities as food and clothing in return for which you must give the product or service of your occupation.
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> International trade is also important politically, for in carrying on trade we are working together with many nations, learning their methods and ideas. And there, perhaps, is the most important reason for studying trade. Because we are working together with many nations for the good of all, world trade could be considered a major force in the achievement of world peace.

To elaborate on these ideas, members of the class committees were introduced. Illustrating their oral reports with visual aids of their own making, the students explained and dramatized the operations of international trade, contemporary problems, the methods that are being applied to solve those problems, and the part which underdeveloped areas are playing in international economy.

After this general survey of the operations of international trade, in which the entire class participated in one capacity or another, the chairman again took the floor.

"Our presentation," she explained, "might give the impression that solution easily follows problem, but, why then, you must wonder, is there so much hubbub and excitement in the world today over trade? Well, the answer to that is also fairly simple. We are a nation that deals with many, many nations. Just think, here is a class of only twenty-seven individuals, yet we very rarely come to an unanimous decision, and we have only our personal opinions to consider. Each nation that carries on dealings with our government has the welfare of millions of people in mind. So it is understandable that each nation we deal with will not share the views and opinions of every other nation."

To catch the attention of the audience, she held up two slightly flattened cylinders, one a domestically produced cheese, the other imported. These were symbols for a controversy over the United States quota restrictions on cheese, a measure of vital importance to The Netherlands, whose economy is largely dependent upon the export of dairy products. After commenting briefly on the Dutch and United States points

This article comes to us from the Staff Economist of the Joint Council on Economic Education. Mr. Senesh, formerly an associate professor of social sciences in the University of Denver and assistant director of the Teaching Institute of Economics at the same institution, cooperated with the teacher in developing the pilot project he describes.

of view, she introduced the second half of the students' program—a mock Congressional hearing in which the students would dramatize the role of special interest groups in the formulation of our country's trade policy. One by one, the committee members introduced themselves and defended or opposed the quota restriction on cheese in terms of their own interests. A member of the League of Women Voters explained:

> I am an average American housewife with an average American budget. I, and the millions like me constitute the buying power of the United States. Since my main interest is maintaining as high a living standard as possible for my family, it stands to reason that I want the best possible quality for the least amount of money. I want to be able to buy imported or domestic products according to my taste.

A domestic cheese manufacturer argued that the United States must protect its own industries from unfair competition by countries with cheaper production costs since our economic well-being depends upon thriving domestic industry. A laborer in a cheese factory voiced his fear that his own high wage rate might be jeopardized if items produced by cheaper labor were allowed to compete with his own products. An United States exporter of agricultural products testified that the restrictions, in protecting one domestic industry, had harmed another, since The Netherlands had imposed retaliatory restrictions on the importation of United States wheat. Last, and in some ways, the most interesting presentation of all, the United States Ambassador to The Netherlands, recalled from his post to testify, pointed out the political and economic implications of the quota restrictions. As one of our political allies with a strong tradition of democracy, The Netherlands' well-being is important to us. However because of the war and the loss of the Dutch colonies, The Netherlands has incurred a trade deficit which must be made up by increasing the volume of exports produced in Holland. Since The Netherlands is using a large part of her industrial resources to make armaments for defense, dairy products are one of her principal export items. The United States Ambassador to The Netherlands then posed his argument in diplomatic terms:

> If The Netherlands is to remain a part of the free world, she must have greater economic stability. To do this, she must get from the United States trade, not aid. If, however, the United States raises trade barriers such as Article 104 in the Defense Production Act of 1952, then The Netherlands, to get a market for her exports, must go to the communistic countries or her people will suffer.

The Project Behind the Hearing

After the hearing, the students departed and the audience took over. Most of their inquiries centered around the question of how a ninth-grade group could become so alert to the problem of international trade and be so articulate and thoughtful in their presentation. The answer can best be given by reviewing the step-by-step development of the project. Here is the story.

More than eight weeks before, Miss Wagner had offered her class for a special experimental project in international trade. With the cooperation of the Joint Council on Economic Education, she began to lay the groundwork for the unit. Her first objective was to prepare herself in the subject matter by reading basic articles and pamphlets and selected chapters in textbooks in international trade. Calling the class's attention to newspaper headlines on such items as Congressional discussions of the Reciprocal Trade Agreements Act, foreign aid, efforts to increase the tariff on briar pipes and Swiss watches, etc., Miss Wagner encouraged the students to bring such and similar items to class. These clippings were analyzed for content and vocabulary and special displays were made. As one consequence of these displays, many of the students began to realize the scope of the problem, and to wonder why it was a matter of such concern.

To provide an answer, Miss Wagner invited an economist to speak to the class. It was at this point that the students were introduced to the economic principle of division of labor, not in terms of a professional's abstract definition, but in terms of the pupils' immediate level of experience. "Why," the economist asked, "does your mother buy bread instead of making it?" "Does your father make his own shoes?" When the question was posed in these terms, the students needed no help to provide an answer—that it was more efficient for people to develop special skills and to exchange the results of these skills than to try to provide everything by themselves. Having made his point, the economist applied the same idea to regional and international levels and demonstrated that such division of labor increases the world's standard of living. The implication was obvious, and the students, free from the bias of special interest and cherished values that all too often cloud the clarity of such issues for adults, became ardent crusaders for free trade.

THE students' enthusiasm, once aroused, provided the proper moment for making a transition from motivating activities to a real study of the area. It was the point at which the students' unqualified free trade position had to be modified. Heretofore, the issue was clear-cut, but now the clippings were useful reminders that not all people and nations find the advantages of free trade so obvious—that political, cultural, and historical factors operate against the realization of free trade. In terms of this developing awareness, the students formulated the problem: "In the light of contemporary political and economic difficulties, how can we promote world trade and thereby increase the standard of living of the peoples of the world?"

As a first step in their investigation, the students developed a working familiarity with the operation of world trade by acting out bilateral and multilateral trade. One student represented England, with bicycles to sell to the United States, and another student, the United States, with cars to export to England. The students soon became aware that simple barter has its limitations. Multilateral trade was introduced by adding a third player to represent Canada in a three-sided trading game. Canada sold newsprint to the United States, used the dollars she earned to purchase bicycles from England, and so provided England with dollars to purchase the cars she wanted from the United States.

The game was played with other variations. Foreign currencies, represented by papers of different colors, were used to develop students' awareness of the fact that national currencies can only be used for purchases in the land of issue, and that the currency must find its way back to its native country. As another variation, students changed the quantity of goods and services that one country must give up to purchase the same quantity they had purchased previously from a country. From this activity they derived an understanding of the significance of "terms of trade," which is one of the difficult problems in the relationship between industrial and non-industrial countries.

HAVING acquired an adequate understanding of the mechanics of trade, the class organized itself into five working committees to study the following areas: (1) Reasons for international trade; (2) Expanding effects of multilateral trade; (3) Contemporary difficulties in world trade; (4) Efforts of United States and international organizations to promote world trade; (5) Development of underdeveloped areas as it affects international trade.

On the basis of what the students had already learned regarding the reason for international trade (i.e. division of labor), the first committee provided themselves with concrete examples of why goods are exchanged by surveying neighborhood bicycle stores to learn more about American preferences for English bicycles, and by studying the significance of United States cotton exports to England in terms of our domestic prosperity. They used their findings to develop a pictorial display explaining in the process of world trade and how the earnings from trade benefit the various segments of our own and foreign economies.

The second committee developed case studies to illustrate the operation of multilateral trade and to demonstrate how it has served to expand trade between nations. They developed a series of elaborate schemes which demonstrated that a vast network of international transactions is involved in the balancing of any one country's trade. Recognizing that repetition is an important technique of teaching, the pupils used three different techniques to explain the multilateral trade scheme they had devised. One pupil used a series of visual aids of her own making. A group of pupils, with signs about their necks indicating the countries they represented, dramatized the scheme by exchanging such commodities as French wine, Brazilian rubber, American tractor, etc. Their game showed that multilateral trade and the convertibility of currencies give countries greater opportunities to sell their goods and receive the goods they want. Another pupil expressed the idea in still another way. With colorful cut-out maps of countries and ribbons to represent movements of goods and payments, she built up a multilateral scheme from a simple model of bilateral trade by adding additional countries to the scheme.

The third committee in pointing up the reasons for contemporary world trade problems, concentrated on two approaches. As one aspect of their study, they investigated how recent economic and political developments (such as the East-West split, the industrialization of India and Argentina, and the impact of war devastation) have altered the patterns of trade. They obtained pictures of war-devastated areas from the United Nations and collected newspaper clippings which gave short summaries of the reasons for the dollar shortage.

As the second aspect, they investigated how

United States policies (such as tariffs and quota restrictions) have affected international trade. This investigation of United States trade policies provided opportunities for acquiring some data first-hand, and their research took them to the Customs Court, where they witnessed a hearing on the classification of imported frog legs.

For an entire morning the class listened attentively to arguments on whether frog legs could be classified as fish or game. During a recess, Chief Justice Oliver and other members of the court spent an hour with the students, briefing them on the tariff history of the United States and explaining some of the classification problems the court has had to face. Pupils and court officers were mutually impressed. The students contributed an enthusiastic report of the trip for their class newspaper, *The Klatterbox*. Moreover, the Deputy Clerk of the Customs Court, in a letter to the class, commented, "I would like to take this opportunity to encourage you to pursue all your studies with the same degree of interest, intelligence, and sincerity as you displayed during your visit."

THE fourth committee studied United States and international efforts to promote world trade. The members of the committee wrote for and studied publications of the United States government and the United Nations and its agencies. They also interviewed the director of the American Importers' Council on both the Reciprocal Trade Agreements Act and the Simpson Bill (to simplify customs procedures). This talk, particularly since the director had just returned from a Congressional hearing in Washington, heightened the students' sense of the seriousness of their investigation, and their impromptu questions, which extended long after their appointment time, were notably serious and thoughtful.

The fifth committee visited the United States delegation to the United Nations. They also interviewed the Israeli and Philippine delegates, who gave them direct accounts of the need of underdeveloped countries for technical aid and for United States foreign investment. A second field trip took the pupils to the American Council for the Development of Underdeveloped Areas. Here, as a result of their talks with social workers from the Red Cross, the American Friends Service Committee, the Joint Distribution Committee, etc., they gained a respect for values which cannot be expressed in economic terms. The workers told them how important it is for us to consider and respect the history and ideals of other peoples if we wish our foreign assistance program to be successful. Some of the pupils, following this visit, expressed an interest in foreign social work as a career.

The five committees came together and reported their experiences to each other. They integrated their knowledge, which involved elimination of duplication; checking back to facts in cases of disagreement, learning to understand the motivations behind opposing viewpoints they had heard. Then the committees divided among themselves the responsibilities for the culminating activity in such a manner that continuity in the presentation would be assured, and that every member of the class would have his part to play.

Summary

To return to the question of how so mature a presentation could be achieved, the answer lies among the following:

1. The children learned the basic economic principles which were needed to formulate the problem, and to understand its scope.
2. The pupils' experiences in economics were integrated with other disciplines, such as political science, economic geography, and philosophy in terms of values, because the teacher was equally equipped in techniques and subject matter.
3. The teacher maintained a proper proportion between the reading, field trips, and interviewing activities.
4. The pupils were encouraged to prepare for their trips and interviews beforehand and to evaluate them afterward.
5. The resource people were selected with utmost care, and each one fell into the spirit of the project with enthusiasm and unsparing consideration.
6. Finally, the principal gave her full-hearted support to the project, thereby establishing an atmosphere which won the enthusiastic cooperation of the art department, the library, and the other social studies teachers.

At the end of the six week period, the class evaluated the project. One student wrote, "My opinion of the topic 'world trade' is very high. I enjoyed mostly the various interesting trips we took and the prominent people we came in contact with. I never realized a topic could be so useful and worthwhile. The work, both written and illustrated was both easy and enjoyable to do. I thoroughly enjoyed this unit and I think it raised the scholastic standing of the class."

Economics Needs Emphasis

Maurice H. Schreiber

IT WAS the beginning of the 1951-1952 scholastic year when we of the Southern Junior-Senior High School in Baltimore learned from our principal, Mr. John H. Schwatka, of the opportunity to be a "pilot school" in economic education. The work was to be done with the Joint Council on Economic Education. If we accepted this undertaking it would involve our doing ground work in economics with just about 2000 junior-senior high students in order to identify and classify the persistent problems in their daily lives which could be found in fifteen economic areas, such as money and prices, housing, taxes, consumer education, vocational adjustment, economic security, comparative economic systems, and other topics of everyday importance.

We knew that our students, as members of a highly industrialized community in Baltimore, were meeting and grappling with such problems every day of their young lives. More than 50 percent of our young citizens were employed on a part-time basis. How could economics be of anything except real significance to a student body like ours?

It was gratifying to realize the readiness with which members of our faculty volunteered to serve as members of the "Southern High Steering Committee for Economic Education," to work closely with consultants from the Joint Council in their effort to guide our entire faculty in this school-wide project. Teachers from the various departments volunteered as readily for the work as those of us whose fields were more directly related to economic education. The committee members included only a few teachers who taught in business education or the social studies.

Mr. Schwatka was willing to further his initial encouragement for the job by giving us the green light all the way. The Faculty Program Committee set the calendar of faculty meetings for the year with "Economic Education" as the theme. Our first meeting was devoted to the orientation of the entire faculty by Dr. G. Derwood Baker of the Joint Council and Dr. Harry Bard of the curriculum division of the Baltimore City Schools. Thus, our central office, too, was lending its support and encouragement from the very beginning. Dr. Dai Ho Chun, on leave from his professorial work at the University of Hawaii, was to be our own special consultant for this first year of our work. And, for the remainder of the year he was actually at our beck and call for either faculty meetings or closed meetings with the Steering Committee as to any phase of our program.

ACCORDING to the plan of procedure as outlined in committee, our first step was to present the aforementioned economic areas to our classes, regardless of their grade level or choice of curriculum, so that we could learn about the interests and problems of these students in the respective topics. The method was simple and direct, and we found it to be effective. The various members of the faculty were able to get prepared anecdotes, illustrative of each area, from Dr. Chun to be used as introductory material for arousing interest and provoking discussion. For instance, "Money and Prices" or "Inflation" were introduced to the classes during regular teaching periods by such provocative material as the changes in the prices of candy bars or in the size of a market basket load through the use of visual aids available in many recent economic texts, or on published graphs or charts, or in the numerous newspaper editorial cartoons. We used a wide variety of supplementary material to encourage discussion of the particular topic.

After approximately two-thirds of the period had been devoted to building up the interest and discussion, which in almost every instance revealed numerous experiences with a high level of interest, the students wrote their further comments and questions on small slips of paper. (Most of the faculty reported that it was necessary to call an end to the discussion!) These con-

The author, who teaches in the business education department, describes a "pilot study" in which Southern Junior-Senior High School of Baltimore, Maryland, cooperated with the Joint Council on Economic Education in an effort to identify and classify some of the persistent economic problems faced by the teen-age students.

tributions were then read aloud by the individual students and recorded on the blackboards by several students acting as recorders for this last part of the period. The teachers told the pupils in each case that these comments and questions were going to be collected and arranged for future use after we had time to classify the questions according to the different kinds of topics in which the pupils were interested.

These pupil responses to our initial emphasis on economic education were obtained from grades seven through twelve. The chosen curriculum was of no consideration in our selection of classes for any presentation. It was the overwhelming opinion of the majority of the faculty that interest in most of the areas was very good regardless of the curriculum of the class engaged in the discussion.

THE respective teachers turned these student thoughts over to the Steering Committee who went to work on the classification of the data for each area. The classified subdivisions for each area were spoken of as "categories." For example, in the area of "Taxes," it was easy to classify the student contributions, whether question or statement, according to such topics as, "Who Pays Taxes," "Amount of Taxes," "Uses of Taxes," "Kinds of Taxes," and others of a similar nature. As several classes participated for each area, there was a real volume of work involved in this breakdown and classification step. After we had arranged this material as described, we made copies of the results and forwarded our findings to Dr. Baker and his staff at the Joint Council. Thus, they had the summer of 1952 to review and edit our classification work for the problems and interests of our students.

FORTUNATELY, the scholastic year for 1952-1953 was to be a period for the continuation of our study of the significant economic matters for these young members of our community. This year, Mr. Moe Frankel, Associate Director of the Joint Council, was to be our consultant. We got our student contributions back in the form of a model inventory check list for each of the economic areas with their subdivisions or categories. Actually, the students were now to consider a listing of the questions and statements of their schoolmates or possibly themselves as contributed during the previous school year. However, this time the boy or girl was to indicate the degree of interest that each question held for him by encircling one symbol of a four column graded scale. The first column contained a "G" to indicate great interest; the second column, an "S" for some interest; the third column, an "L" for little interest; and, the fourth column, a question mark, to be encircled if the question were not clear or simply of no particular interest.

Our business education department cooperated with the heavy mimeographing job of 500 copies of the model inventory sheet for each of the fifteen areas. These interest inventories were distributed throughout the school to an average of twelve classes for each area, and once again there was no consideration given to the level or curriculum of the classes. It had always been made emphatically clear that these exercises were not tests of any kind with no marks to be given. But, for the first time we asked the students to put their names on these sheets. This request was considered essential since any further step in our procedure would more than likely entail the breaking down of our findings for work on a basis to help the individual discover for himself the routes along which he would need to proceed if he were to get useful answers to these and other economic problems as he moved along life's pathways. Thus, it was beginning to be relatively easy to see that we were working toward a kind of frame of reference or a guide list to help us discover in the experiences of our pupils, the kind of an approach we would need to make if we were to help them find the answers to their real problems that they found recurring again and again. These they needed to face and come to grips with in their daily situations and predicaments.

The tabulation of the response of our students for this inventory phase was simply to find the frequency of the different degrees of interest for each of the questions or statements within the different economic areas. So, again we were working for a frame of reference. But, this time we wanted a more narrowed and accurate finding as to where the needs, interests, and problems of our pupils were located. It is important to remember that there were approximately 500 individuals who indicated the degree of interest for them in each of the items listed in every category for each of the areas. The results indicated a clear and encouraging interest of our young people in the economics of our society. All that was necessary was to present the material with the personal impact and significance that are really inherent in this field of study. And, we have a good yardstick for the planning of our teaching in any or all of the included areas based upon the actual expressed interests of our student body.

DURING the entire period of our "pilot" study, the Steering Committee tried to maintain the interest of the faculty and provide for background information whenever possible. One means was to list current magazine articles that pertained to any of the included topics as a part of our daily bulletin, or even to circulate such items among the faculty by placing them on teacher reference in the library. And, we tried to add books on economics to our library which presented the subject as the throbbing and dynamic study that it is rather than the "dismal science" approach used all too often. For example, when the editors of *Life* devoted an entire issue to the subject of "The American and His Economy" (January 5, 1952), we brought it to the attention of the faculty and student body by bulletin board display and circulation. The month of March made it possible for our bookkeeping teacher to present some of the most significant information on tax returns by the use of a corridor bulletin board display of visual aids on taxation, which we obtained through the Director of Internal Revenue. And, we encouraged the same kind of procedure with posters from the Office of Price Stabilization and other agencies.

WE ALSO thought that it was extremely important to maintain a timely flow of communication within the faculty. So, we employed a regular special faculty bulletin from the Steering Committee to brief our teachers on progress and planned steps to be taken and to find just what areas the individual faculty members thought they wanted to present.

The final bulletin was an effort by the Steering Committee to obtain a picture of just where there had been attempted enlightenment in economics, whether it was by planned teaching or incidental work. Every teacher, regardless of his assigned subject, reported that he had done some teaching in economics. The range of responses on the survey return sheet brought out that efforts with "Consumer Education" had been made by several departments. For instance, the physical education teachers reported their discussions with individuals as to standards for athletic equipment; and, the music instructors gave their efforts to encourage more intelligent purchasing of musical instruments and recordings. Toward the other end of the scale, there were reports from our English teachers on activities such as panel discussions with a topic in economics as the subject for discussion; and from social studies teachers and the guidance people who indicated carefully prepared lessons for giving economics the emphasis it deserved either in history or the matter of vocational guidance.

Thus far the results of our inquiry have made it clear that we have an overdue debt to pay in time and emphasis to economics in our teaching. We need to reconsider the entire approach to even the insufficient amount of work with the subject in many of our public schools. We need only to read the daily press in order to realize the significance of economics and the need for more understanding of its areas of subject matter if we are to prepare our youngsters for their places in our society with the confidence that they have a reasonable idea of "what it is all about." They will be fortunate youngsters who have teachers who can help them take their places in life without dreams of ideal perfection in their minds or without the cynicism of resentment in their hearts.

There seems to be a widespread belief that we are all social scientists, all of us economists, and in this egalitarian democracy of ours, any man's ideas on any problem in sociology are as good as any other man's. We need to realize that what is true of physics and biology is true in this area also. The same degree of special knowledge is required. Social issues cannot be clearly defined and understood except on the foundation of hard, painstaking work. (Raymond Fosdick, quoted by Stuart Chase in *The Proper Study of Mankind*. New York: Harper and Brothers, 1948. p. 8.)

Economics by Any Other Name

Francis H. Oldham

"DRY as dust," "for the birds," and other more pithy expressions summed up my twelfth-graders' feelings toward our proposed study of economics. But I had a professional obligation to inform these young people about the economy in which they lived, and their discouraging reaction could be taken only as a challenge.

A potential stimulant for arousing their interest lay in the numerous social studies materials available in the classroom itself. Current periodicals, newspapers, reference books, filed source materials, color-coded pamphlets, film strips and display materials were all close at hand.

The next class session began with each student going to the shelves along the classroom walls and selecting a periodical or pamphlet which had at least one economic article in it. This assignment immediately brought up the question as to what constituted an economic subject. A brief class discussion resulted in several rather crude but essentially correct attempts to define economics. With these written on the board as a guide, the class settled down to read. For all reading assignments in our class, note-taking, summarization, and the listing of terms, phrases and concepts not clearly understood is a standard requirement. At the end of an allotted twenty minutes the class grouped for discussion of the economic ideas that had been presented in the articles read. Since everyone had read a different article, discussion was lively as they tried to boil all the varied ideas down to what might be called general problems in economics. One student suggested listing them by their importance and then studying the first ten. This was challenged by the majority of the students who claimed that the class just was not capable after twenty minutes of reading to make such a judgment; and what they needed was an economic expert to help to make such decisions.

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That night I arranged for an economist to greet my class next day. As this economist in simple language began to clarify and explain what he considered the basic and persistent problems in our economy, lagging interest revived and the class voluntarily took notes in addition to those customarily recorded by the class reporter. A lively question and answer period followed his talk, and the class finally agreed on nine basic economic problem areas (each with subheads) for further study:

1. The problem of inflation in our economy.
2. Taxation, both anti-inflationary and potentially confiscatory.
3. The economic effect of government spending and government deficit.
4. Private and government controls in the free enterprise system.
5. Risk Capital—the investment dollar in the free enterprise system.
6. The United States monetary policy and its adequacy in our fluid economy.
7. The effect on our economy of private investment abroad.
8. The problems of free trade *vs.* tariffs in the world and United States economy.
9. The Federal Reserve, thermostat, in a dynamic economy.

It might be pointed out here that everything this class had done up to this point could have been done in ten minutes by the teacher merely listing the nine areas. There is considerable doubt, however, whether each student would have had his interest geared as high if he had no part in deciding the issues involved.

Committee Assignments

OUR next problem, how to do it, was settled by the students themselves who decided to break up into committees of three or four on the basis of interest. As most teachers know, the break-up into committee groups can be highly successful or utterly chaotic and frustrating for all concerned unless certain conditions prevail. Study cannot take place in an atmosphere of noise and chatter. Nor will teenagers produce much work unless constant stimulus is given in the form of daily check ups, the use of visual aids to supplement their learning, and the adjustment of the laboratory period to include brief discus-

sions necessary to clarify certain points for all. Nine committees of seniors were at work in nine different economic areas and each student had a sub-problem of his own. Each individual not only was responsible to his committee but to the teacher for certain and steady progress toward his goal; and this dual obligation put each student under steady pressure to accomplish something worthwhile. In addition, by class decision, the following specific requirements were set up for all committees:

1. Each committee to sit together around one of the library tables (standard class equipment).
2. To keep a day-by-day record of committee decisions and actions.
3. To choose a chairman who would be responsible to the teacher for completing his work within the three-week limit.
4. To study the problem area by:
   a. Gathering data and noting sources;
   b. Individually writing a rough draft of the sub-problem studies;
   c. Cooperatively writing a finished draft complete with outline, bibliography, and footnotes;
   d. Cooperatively presenting this problem and possible solutions to the class for information and discussion.

The Work of One Committee

IN THE brief compass of this article, it would be impossible to report on the work of all committees. Therefore, the story of only one of these committees on *The Role of Investment in Our Economy*, will be reconstructed from the record which they kept from day to day.

As agreed on by the class, the committee on *The Role of Investment in Our Economy* selected a chairman, and a recorder. Even though they were unsure of how and where to begin, their insecurity was balanced by the need to complete a rough outline or plan of research on the problem within the first two days. In addition their work was checked and initialed daily by me whenever I came over to help or to answer questions. They decided to use the varied materials at hand and read to increase their knowledge of investment before attempting a plan. Then the committee tentatively agreed to divide the subject of Investment into the Insurance Dollar, the Banking Dollar, and the General Investment Dollar on the basis of the reading done up to that point, and this plan was submitted in the form of a rough outline with a tentative bibliography. With additional suggestions by me, their rough outline was accepted, and they settled down to collect material.

After school hours, each student used either the local library, interviewed people informed about his topic, or studied the materials obtained from the shelves in the social studies room. Unanswered questions, difficult, hard-to-interpret passages, were taken up each day with me during the regular social studies laboratory period. Every second day I held brief general discussions on pertinent points of economics beneficial to all.

Several other student committees felt the needed stimulus of outside aid. The committee on the Federal Reserve arranged a class visit to the New York branch of the Federal Reserve. Since the Stock Exchange was nearby, the Committee on Investment joined in cooperative effort to make possible a class visit to both. The letter writing, bus arrangements and collecting of the $1.34 assessment from each student was done completely by these committees under my supervision. They even previewed the class visit by running two film strips among our collection on the Stock Exchange and the Federal Reserve. The members of the Investment Committee also arranged interviews with Stock Exchange members on the scene.

The Committee on Investment also arranged with the Vice President of one of the largest savings institutions in New Jersey to address the class. He not only spoke to the class, explaining the function of banking in the free enterprise system, but sat down with the Committee on Investment and carried on a rapid fire give and take discussion period with them after this talk was over.

And so it went for two weeks, all of the members of the class collecting data, interviewing individuals on the economic scene from producers to consumers, and preparing rough drafts of the final written paper. Due dates were just ahead now, and as the routine obligations were completed, the committee on the Role of Investment in Our Economy began to prepare for the oral presentation of its findings to the class. Since visual presentation had been emphasized all year in our class, this committee of two boys and two girls decided to use a wall display of which the focal point would be a circle with colored quarter sections. Leading from each colored section would be tape lettered with the sub-topics, "the insurance dollar," "the mortgage dollar," "the banking dollar," and "the investment dollar." At the terminal end of these tapes in the four corners of the tackboard would be the charts, real estate cycles, bar graphs, etc., needed by each individual speaker to illustrate the points he wanted to emphasize in his presentation. This display, how-

ever, still remained only a visual aid for some of the more pertinent points they hoped to get across. Among the points they wished to stress were:

1. That 88,000 Life insurance policy holders, with an average invested of $830 each, means the financing of hundreds and thousands of businesses and jobs in our economy.
2. That the insurance dollar reflects the economic condition of the consumer, his economic health, his feeling of security, or his lack of it.
3. That commercial banks are not only middle men but creators of high amounts of purchasing power that they may loan.
4. That the savings department of the same bank takes up consumer slack by attracting his surplus money out of the high priced market.
5. That in 1952 the Savings and Loan Associations controlled $6,600,000,000 of mortgaged credit which is a relatively non-liquid economic factor.
6. That the greatest free uncontrolled market in the world is the Stock Exchange—where the American citizen may assume at one time the dual role of worker and capitalist.
7. That as the heartbeat of the American trade enterprise system, it reflects the health of our economy.

A Committee Reports

FINALLY the day for their presentation arrived. They had come in during home-room period that morning to get the wall displays mounted, so that when class time came around they felt quite sure that everything was all set. But they were not prepared to find four men, pencils poised, sitting at the long conference table along with the students. The committee obviously was shaken, and not helped much by my explanation that in addition to the normal sociometric evaluation done by student observers, I had thought it constructive to invite four representatives of the economic world into our class to evaluate our presentation. I then introduced them as businessmen representing a savings and loan company, a commercial bank, an industrial firm, and a life insurance company.

It was a tough spot; but they made their presentation anyway. At least everyone seemed interested, even the business men. Mary led off by showing by means of a bar graft and a product display how the insurance dollar really works in two ways: *one,* to give security to the policy holder; and *two,* to help our economy grow and expand through sound basic investment. Joe told how the bank fitted into our economy as a middleman investing often as a trustee of our deposited funds. Bill explained how the mortgage dollar was eventually converted into productive goods that the mortgagee himself purchased. Finally, Sue summed it up with her talk on the general investment picture in our free enterprise. Her job was not to explain how the stock market operated, but rather to show the free flow of people's money directly into the channels of an expanding economy where it was put to work to create jobs and produce better and cheaper products for the consumer. She tried to predict a little about our economy for 1953 by judging the trends. She based most of these predictions on a very sound 1952 report entitled *Markets After the Defense Expansion* by the United States Chamber of Commerce. The visual aids this committee had created seemed to keep everyone's attention as each committee member in turn pointed to a chart of a manipulated bar graph to make a point.

The members of the Investment Committee, and the other members of the class were delighted with the enthusiastic response of the four businessmen. But, although the Investment Committee had successfully jumped its first hurdle, the members were not yet finished with their work. They went home that night to prepare for the so-called "cross examination."

"The cross examination" was held the next day. Every student in the class had read current materials on investment, and had come to class prepared to question the members of the Investment Committee on what they had said, or what they had read. To make it even more lively, there were student observers who not only evaluated the presentation of the committee but, armed with sociometry charts, measured the flow of discussion and the contribution of each member of the class.

The next day another committee reported, and by the time the project was finished, the class had seen movies, filmstrips, and visual displays emphasizing all phases of our economy. They had used and re-used economic terms and phrases over and over again in their discussions. All told, they spent about three weeks in research, explanation, and discussion of our economy.

WELL, there's what happened in my Problems of American Democracy class when we started to study that "dry old stuff" called ECONOMICS. It isn't so much that they can answer test questions perfectly on economics--I'm sure you could trip them up on many terms—but I feel they own some basic concepts of our economy and they know how to look further for details if they intend to specialize. I really don't think they can be classified as economically bored or illiterate after that three-week workout!

Community Economics for the Third Grade: A New Venture in Textbook Writing

Marcillene Barnes

EARLY last winter the public schools of Grand Rapids, Michigan, "made" the news in a most gratifying way with the following story, which appeared in the February 28 issue of *The Christian Science Monitor* under the by-line of Ethel Louise Knox.

> "Where we walk to school each day
> Indian children used to play . . .

"Have you thought of this before? Have you ever wondered what our city looked like long ago?

"These are the opening words of a gay and appealing book, in big print with colored illustrations, used by all third graders in the Grand Rapids public schools. It is a very special book, for it was written by a group of more than 60 teachers working with the children, and is dedicated to the third grade boys and girls themselves.

"Published by the Board of Education of Grand Rapids, 'Our City'—for that is its title—is designed to help the children understand and appreciate their city. The colored maps were made by the teachers themselves, and the pictures, many of them printed in rich colors, were chosen from hundreds of drawings and paintings done by the children."

Our City

OUR CITY was written by a group of Grand Rapids teachers because they wanted a story of their own community told at the reading level of eight- and nine-year olds. A group of fourth-grade teachers had written a book for fourth graders two years before entitled *Michigan My Michigan*. This venture had proved so successful that the Board of Education was ready to sponsor the second project when it was suggested by the teachers.

Grand Rapids school children purchase their own books. These two books are sold to them at cost. Both books, however, have had wide circulation in other school systems.

Our City is divided into five sections: "Our City at the Beginning"; "Our City Growing"; "Our City at Work"; "Our City at Play and Study"; and "Our City and You."

The first section tells the early history of the city—the story of the Mound Builders, the early Indians, the first settlers, the fascinating story of the river which flows through the city. Every effort is made to tie the past to the busy life of the present-day city.

Section two, "Our City Growing," tells the story of the development of streets, churches, hotels, bridges, schools, travel and communication. One chapter, "Saving and Planning to Build Our City," is of special interest. This section was written at the suggestion of the Educational Committee of the Chamber of Commerce who worked closely with the author group. These men felt that children should know something about the saving, spending, and investing necessary to build a business. They felt there should be emphasis on wise money management. The teachers agreed and worked to put these concepts into terms that children could understand. The following excerpt from the textbook illustrates both the economic principles and the way in which the writers attempted to tie subject matter to the work-a-day concerns of children.

> Have you ever wanted something that cost more money than you had in your piggy bank? Perhaps you want a bicycle or a summer camping trip. Either takes much more than you can save in a few weeks. You may have to fill your bank many times before you have all the money you need.
>
> As you save, you plan. What kind of bicycle do you want, and how much will it cost? What camp do you want to visit, and how long will you stay?

The author of this article is Director of Curriculum in the Grand Rapids Public Schools in Michigan.

Grown-ups save for the things they want, too. They must also plan so that they will not spend their money carelessly.

This is the way many businesses were begun in the early days. Fathers and mothers and children came from countries across the ocean. They did not have much money to buy land or build homes, factories, and stores. So they worked, planned, and saved for these things.

The section on "Our City at Work" gives a vivid picture of the economic life of the city. It traces the story of furniture-making from pioneer days, through the first cabinet shops, to the great factories of today. It shows the place of Grand Rapids in the automobile and refrigerator industry. It tells the story of getting food and clothing and of building homes. The child is helped to see the contribution that his family makes to the life of the community as well as what his community does for him.

The section on "Our City at Play and Study" helps children to learn the cultural and recreational opportunities available to them. It tells the story of the parks, the zoo, the museum, the libraries, and the opportunities to enjoy art and music open to children. It helps children to plan worthwhile recreation and enjoyment by themselves and with their families. There is special emphasis on the wise use of leisure time.

The final section, "Our City and You," was designed to help the boys and girls understand and appreciate the services provided by their city. It has such chapter headings as "Weather Bureaus," "Electricity," "Our Clean City," "Health," "Safety," and "Government."

This section ends with a chapter entitled "Our Part," which is a challenge to children to carry on the great work of those who have gone before them so that they, in turn, can "save fine things for other boys and girls who will live here in the years to come."

A Community Project

ALTHOUGH the actual writing of the book was done by a volunteer committee of ten teachers, the whole project was truly a community one. After two years of constant writing and rewriting of the ideas which were submitted by the 60 third-grade teachers of the community, dozens of community groups and persons were drawn into the project. The copy was read and checked by such civic, industrial, and cultural groups as the library and museum staffs, the Grand Rapids Historical Association, The C.I.O., the A.F. of L., and the Educational Committee of the Chamber of Commerce. A number of older Grand Rapids residents read it for interest and accuracy. Then it was sent to the State Historical Society and to the State Conservation Department where it was read for content and accuracy. It was also read by faculty members of a state teachers' college for an additional check on child interest. Dozens of suggestions poured in—and again the manuscript was revised.

Grand Rapids children have used the book one year. Each group of children and their teacher work out their own related activities. They take trips, give plays, paint pictures, make models, dramatize various occupations, write stories, and collect products. They use the book not simply as a reading book but as a reference where children may find answers to the dozens of questions which arise when they become acquainted with the community in which they live.

The social disciplines until recently have tended to be highly intellectual, bookish, and remote. The best students have been those who could deal brilliantly with abstract logic, and correctly manipulate the verbal symbols.

Professors have tended to sit in chairs writing books about each other's books. Students have sat in somewhat harder chairs, writing monographs about the theories of men dead and gone these two hundred years. Mr. [Beardsley] Ruml believes that as the science of man advances the really good students will be found not among the chair-bound scholars, but among boys and girls who like people, like to talk to them and interview them, and are curious about human relationships. They will study living society more than they study great books. (Stuart Chase. *The Proper Study of Mankind*. New York: Harper and Brothers, 1948. p. 43.)

Trends in Content and Materials for Economic Education

Manson Van B. Jennings

TWO decades ago the world's economic machinery was sputtering along in low gear as we experienced the worst economic depression of modern times. To be sure, Adolph Hitler had come to power, but in this country we were little concerned with the machinations of the obscure corporal who had long since blueprinted his plan for the economic—and military—recovery of Germany. Foreign affairs and international relations were the least of our worries; instead, all eyes were upon our newly elected president whose bold action in attacking our economic ills was capturing the imagination of the American people. Unemployment, bank failures, industrial bankruptcies, the foreclosure of mortgages, agricultural poverty, a fair return to capital and labor—those were the paramount problems of two decades ago, economic problems that in the public mind eclipsed all others, domestic or foreign.

But in our secondary schools in 1933 economic education was still dominated by the teaching of economic theory. Our high school economics tended to be abstract and of a type deemed suitable for college-preparatory students. This was a time, however, when we were becoming aware of the increasing number of non-college-preparatory students that filled our classrooms as decreasing employment opportunities for young people led them to remain in school instead of dropping out at an earlier age. The needs of these students, coupled with our concern for domestic economic problems, made imperative a new kind of economic education more in keeping with the times. Some economics courses were therefore transformed into courses devoted to a study of contemporary economic problems, with a consequent de-emphasis of the principles of economics. Meanwhile, the problems of democracy course, that had been struggling for recognition during the 1920's, became a firmly established course in the 1930's and reflected our preoccupation with economic affairs.

With the change from the older economics to the newer emphasis on economic problems, the limitations of textbook instruction became more pronounced. Textbooks could not be kept sufficiently up to date, nor could they provide the sense of reality, the quantity of information or the variety of points of view and conviction so necessary for the proper study of contemporary economic problems. Consequently, teachers made increasing use of audio-visual materials, of newspapers and periodicals, of pamphlets and government publications; and in a few economics classrooms the textbook became merely a reference book for occasional use.

By the end of the 1930's the Great Depression was over and a second world war had begun. In the years that followed, we have seen crisis follow crisis, and although a concern for problems world-wide in scope has in part supplanted our former preoccupation with domestic economic affairs, we have encountered a virtual chain reaction of economic problems arising from each crisis. Unemployment and economic stagnation that had loomed so large in the thinking of the 1930's have given way in the 1950's to a whole new set of economic problems dominated by the cold war between East and West. And in the study of these newer problems the need for current materials becomes no less urgent.

BEGINNING in the thirties, but of even greater significance to economic education in the post-war years, has been the trend toward more personalized economics. This has meant an emphasis on economics for everyday living, not the problems of national and international scope, but the problems of the individual in choosing a vocation, earning a living, spending wisely,

Dr. Jennings wrote this originally as a special introduction to his section on Pamphlets and Government Publications which he has devoted this month to a discussion of economic materials. He is a member of the Social Science Department of Teachers College, Columbia University.

borrowing, saving and investing, purchasing insurance, and providing for retirement. This is a truly functional economics of immediate concern to all American youth. Here again, the textbook cannot begin to provide the range of materials needed for effective learning.

Among the resources for making economics instruction more effective are the pamphlets and government publications reviewed each month in "Pamphlets and Government Publications," a regular department of *Social Education*. These serve many purposes and have numerous values, not the least of which is that these resources, not textbooks, are the ones most likely to influence our students in later years in making decisions on personal and civic economic problems.

IN GENERAL pamphlet materials serve three purposes: they may provide vicarious experience by presenting fictionalized or true case histories or other narrative and descriptive material; they may present information—factual, statistical and theoretical; and they may offer particular points of view, opinions, or even highly persuasive arguments on controversial issues. All of these, when properly evaluated, are indispensable for arriving at sound conclusions on current problems.

We set an extremely high standard when we ask authors to provide us with pamphlets in which the content is exciting and even dramatic. But pamphlets of this kind are desperately needed. One of the real strengths of the Public Affairs Pamphlets, to cite an example, is their generous use of case histories and similar narrative material to make the content more meaningful and interesting. Another fine example of clear, vivid writing is found in the Living Democracy Series, of which *It Has Been Done,* and *Work Without Strife* are particularly notable (Civic Education Foundation, Publication Office, 11 West 42nd Street, New York 36; series of 10 pamphlets, 60 cents each; reviewed in *Social Education* December, 1952, p. 386). Both of these pamphlets include generous portions of vicarious experience for our students, thus making them particularly effective for educational purposes.

VIRTUALLY all pamphlets purport to present information. Some are almost entirely statistical in nature, as in the case of *Facts and Figures on Government Finance, 1952-1953* (217 p.) *and Fiscal Problems and Proposed Remedies* (77 pp.), both prepared by the Tax Foundation, a non-profit research organization (30 Rockefeller Plaza, New York 20). These, though useful for mature students of economics, may well prove difficult to use with high school students for whom detailed statistical analysis is likely to be a difficult achievement. On the other hand, *TVA —Two Decades of Progress* (United States Government Printing Office, Washington 25: 1953. 76 p.) is full of facts and figures, a gold mine of information that reviews in this nineteenth annual report to the Congress the achievements of the TVA during its twenty years of existence. Some of the information is statistical, much of it narrative, and the story is told with the help of tables, charts, and photographs. Still another type of informational publication is Peter Steiner and William Goldner's *Productivity* (Institute of Industrial Relations, University of California, Berkeley 4: 1952. 60 p. 25 cents), a pamphlet that analyses the meaning of productivity, how it is measured, and how it affects our output, wages, and standard of living. The subject is complex, but a real effort is made to simplify the concepts involved by making use of charts and graphs and by citing numerous examples.

IT MAY be true that all publications, no matter how strictly factual and how objective they seem, present a point of view, an emphasis or interpretation. While some may strive toward scholarly objectivity, others quite frankly endeavor to influence the reader to particular persuasion. There is, of course, nothing inherently pernicious in such publications. To the contrary, it is one of the privileges of being an American that gives any of us as individuals or groups the right to use the freedom of press and speech guaranteed by our Bill of Rights to persuade others to our point of view or to be well disposed toward us. As readers of such material, however, we must realize that not all writers adhere to equally high ethical standards in employing the various techniques of persuasion, some of which may be most subtle. And as readers we must continually apply our skills in critical thinking to these materials, trying to discern motives, identify assumptions, distinguish fact from opinion, and otherwise evaluate the logic of the argument. These publications may well be as effective as any we use in our teaching; a few may be pernicious, but our students should not necessarily be protected from them through a censorship process, for there is no equivalent protection in adult life. The best protection is to learn how to appraise them, an aim that should be a paramount objective of social studies instruction.

Notes and News

The Annual Meeting at Buffalo

MERRILL F. HARTSHORN

The Thirty-third Annual Meeting of the National Council for the Social Studies will be held in Buffalo, New York, November 26-28. The Hotel Statler will serve as headquarters and will house all meetings and the extensive exhibit of educational materials. The complete program, including reservation blanks for rooms, tours, special events, and meals will be mailed to all NCSS members by November 1.

This year the National Council of Geography Teachers will hold its annual meeting jointly with the NCSS and this will give NCSS members an opportunity to participate in sessions with teachers of geography.

Plan *now* to attend this meeting of your professional organization. Meet with your fellow teachers to receive help and inspiration. Enjoy the warm hospitality and special events that are being planned for you by our host teachers in Buffalo and vicinity. You will find this a real educational experience that you will look forward to repeating in the years ahead. All social studies teachers, administrators and others interested are cordially invited to attend. Encourage your colleagues to attend with you and help contribute to the success of the meeting.

Dorothy McClure Fraser, program chairman, has built an exceptionally fine and varied program that will meet the needs and interests of social studies teachers at all grade levels. Frank J. Dressler, Jr., supervisor of social studies, Buffalo Public Schools, is chairman of the Local Arrangements Committee that is doing a great deal that will add to the pleasure of your visit to Buffalo.

SCHOOL VISITATION

Buffalo and surrounding communities invite you to visit their schools. Anyone wishing to visit elementary, junior high school, or senior high school classes in public, private, and parochial schools before or after the Annual Meeting is cordially invited to do so.

It is requested, however, that those persons interested in visiting schools make arrangements by communicating with Louis F. Scholl, Supervisor of Mathematics, Buffalo Public Schools, 728 City Hall, Buffalo 2. Send your requests as early as possible so as to assure all arrangements for visits on your arrival in Buffalo. It will be of great assistance to the School Visitation Committee if you will indicate in your request the type of school and the grade levels in which you are most interested.

THURSDAY, NOVEMBER 26, 1953

Registration will begin at 10:00 a. m. on the Seventeenth Floor of the Hotel Statler. At the same time, the extensive exhibit of educational materials will be opened. Leading publishers of a wide variety of social studies materials and teaching aids will be represented in the exhibit. This will be the largest exhibit devoted exclusively to social studies that has ever been held.

From 1:45 to 3:15 p.m. there will be open meetings of NCSS Standing Committees. All members are urged to attend the committee meeting of their choice.

There will be two special events on Thursday afternoon that have been arranged by our local hosts:

(1) The "Reception and Get Acquainted" dinner. Buffalo has two fine museums of interest to social studies teachers: the Historical Museum in Delaware Park and the Science Museum in Humbolt Park. There will be an informal reception at each Museum jointly sponsored by the Museum and the Lake Erie Council for the Social Studies. Busses will leave the Hotel Statler at 3:30 p.m. for the two museums. You will have an opportunity to view the exhibits and meet your friends. At 5:00 p.m. the busses will leave the museums for the University of Buffalo where the "Get Acquainted Dinner" will be held. At 7:30 p.m. busses will return you to the hotel in time for the evening meeting. A charge of $3.00 per person will be made for the dinner and transportation.

(2) The Niagara Falls Trip. A trip to view Niagara Falls and visit historical places and power developments along the Niagara River will be held Thursday afternoon. Included as part of this trip will be a Dinner in the Rainbow Room of the Sheraton-Brock Hotel, Niagara Falls, Ontario. The Niagara County Council for the Social Studies will act as host. Busses will leave the Hotel Statler at 2:30 p.m. and return in

time for the opening meeting of the convention. Reservations for this trip must, of necessity, be limited to around 100. An early response is advisable. The total cost for transportation and dinner is $5.50 per person.

At 8:15 p.m., John H. Haefner, president of the National Council for the Social Studies, will preside at the opening general session.

FRIDAY, NOVEMBER 27, 1953

From 7:30 to 8:45 a.m. the Iowa Council for the Social Studies and the New York State Council for the Social Studies will hold Breakfast Meetings.

From 9:00 to 10:30 a.m. there will be five section meetings that will deal with five basic problems common to all levels of social studies instruction. Topics for these sessions are: (1) The Democratic Classroom and Citizenship Education; (2) The Social Studies Curriculum: Promising Practices in Curriculum Development; (3) Teaching Exceptional Children: The Psychological Principles Involved; (4) The Preparation of Social Studies Teachers: Problems and Issues; (5) Skills in the Social Studies Program: The 1953 Yearbook.

These morning sessions will be followed in the afternoon from 2:30 to 4:15 p.m. with nineteen discussion groups based on the same five topics as the presentations in the morning. The nineteen afternoon discussion groups are arranged on different bases: some according to grade level; others on a further topical breakdown; and some on the basis of common subject-matter groupings.

The afternoon discussion groups are integral parts of the morning section meeting presentations. Those attending the meeting are urged to participate in the afternoon discussion group of their choice which corresponds to the section meeting that they attended in the morning. Digests or outlines of the morning presentations will be available at the afternoon discussion groups. Morning speakers and panel members will serve as resource members of afternoon discussion groups.

At 11:00 a.m. the NCSS will hold its Annual Business Meeting with reports from officers, new business, and the election of officers.

From 12:30 to 2:00 p.m. there will be seven luncheon meetings with speakers on the following topics: "International Relations: Teaching About Canada in American Schools," "Urban Geography and City Planning," "History in the Social Studies Program," "Morality in Government," "Recent Research in Intergroup Relations: Implications for the Social Studies Teacher," "Surveying Curriculums and Courses of Study in Geography," and "Why Americans Live Well."

From 2:30 to 4:15 p.m. there will be the nineteen discussion groups referred to above in connection with morning section meetings.

The Banquet (dress optional) will be held at 7:30 p.m. with I. James Quillen, past president of NCSS, serving as toastmaster. Henry J. Warman, president of the NCGT, will present the NCGT Awards, and Joseph E. Johnson, president of the Carnegie Endowment for International Peace, will speak. Following the banquet there will be entertainment and square dancing.

SATURDAY, NOVEMBER 28, 1953

From 7:30 to 8:45 a.m. there will be three breakfast meetings for: Officers of Local, State and Regional Social Studies Councils; Editors of Local, State and Regional Social Studies Council Publications; and NCGT State Coordinators.

From 9:00 to 10:15 a.m. there will be a general session on "Resource Use: Status and Problems" with Victor Roterus, U. S. Department of Commerce, as the speaker. The meeting will be chaired by Edwin R. Carr, NCSS second vice-president.

From 10:45 a.m. to 12:15 p.m., the final group of eight section meetings will be held. Topics for these sessions are: (1) Action in Defense of Freedom to Learn; (2) Implications of Research for the Teaching of the Social Studies; (3) Using Local History: A Demonstration of Cooperative Planning; (4) Science and Technology in Social Science: A Problem of Content; (5) Education for International Understanding: Progress and Problems; (6) Using Sociodrama: A Demonstration; (7) Organizational Problems of Local, State and Regional Councils; (8) Educating Young Americans for Military Responsibilities.

At 12:30 p.m. a luncheon general session will be held with Dorothy McClure Fraser presiding. Samuel Van Valkenburg, Director, Graduate School of Geography, Clark University, will speak on "The Near East: Problems and Potentials."

From 2:30 to 4:00 p.m. the final general session will be held on the theme "Trends in Social Studies Films," chaired by William H. Hartley, State Teachers College, Towson, Maryland. There will be a panel discussion and showing of films.

At 2:30 p.m. there will be a "Tour of Industrial Buffalo" for which pre-registration is required. The price of tickets is $1.00 per person. Guides will accompany each bus and explanatory

and graphic materials will be distributed to each passenger. The trip will last about two and one-half hours. Some of the highlights of the tour will be: Buffalo Harbor with its ships, grain elevators, flour mills and other industries; the Lackawanna and South Buffalo centers of heavy industry with their blast furnaces, steel mills, and refineries; the Niagara River area which includes the Peace Bridge, varied light industries, and the Huntley Power Station; glimpses of residential districts and historic spots.

General Information

Hotel. Room reservations should be made directly with the Hotel Statler. Rates on rooms are: single, $5.50 to $10.00; double, $8.00 to $13.00; and twin beds, $10.50 to $16.00. There is a good supply of rooms at the medium price in each group and it is suggested that you ask for a room at the lowest rate available.

Advance Reservations, with remittance enclosed should be made for all special events, meals and tours. The charge, which includes transportation for the "Reception and Get Acquainted Dinner" is $3.00. The Niagara Falls Trip, including transportation and dinner, will cost $5.50 per person. The "Tour of Industrial Buffalo" will cost $1.00 per person. Prices are $5.00 for the Banquet, $2.75 for luncheons; and $2.00 for breakfasts (tips and tax included). Reservation blanks for all these events will be mailed with the program to NCSS members.

Registration. Everyone who attends the Thirty-third Annual Meeting, or any part of it, is asked to register. Members of either the National Council for the Social Studies or the National Council of Geography Teachers may register without charge. Members of both groups are free to attend any session of either organization. To facilitate registration, members are asked to present registration cards sent them with their program. College students, certified as such by their instructors, will be registered for 50 cents. Other non-members may register for $2.00.

Exhibits. The exhibits have always been one of the most highly rated features of the convention. Practically all major companies producing materials—textbooks, maps, and globes, charts, audio-visual aids, current events publications, and other teaching aids—used in social studies classrooms, will have their materials on display. It will be the largest and most complete collection of social studies materials assembled anywhere this year. You will want to take advantage of this opportunity.

Further information about the meeting may be obtained by writing to the National Council for the Social Studies, 1201 Sixteenth Street, N. W. Washington 6, D. C.

Proposed Amendment to NCSS Constitution Regarding Election Procedures

Article IV of the Constitution of the National Council for the Social Studies provides that the "Constitution may be amended at the annual business meeting by a two-thirds majority of those members present, provided that notice of such proposed amendment shall have been given by the Board of Directors at a previous business meeting. . . ." At the annual business meeting of the NCSS in Dallas, Texas, November 28, 1952, notice was given that a proposal to amend the section of the NCSS Constitution that deals with election procedures would be presented at the next annual business meeting to be held in Buffalo on November 27, 1953.

In 1949 the NCSS Board of Directors appointed a Committee on Election Procedure that presented its final report at the Dallas meeting and suggested the proposed amendment to the NCSS Constitution which would change the election procedure. As there was considerable discussion pro and con on the proposed amendment, it was felt that the proposed amendment, along with a statement supporting the amendment prepared by the chairman of the Committee on Election Procedure and a statement representing the views of some who oppose the amendment, should be presented to the entire membership before the annual business meeting to be held in Buffalo, November 27.

Any member who wishes to comment on the proposed amendment and who will not be able to attend the annual business meeting is invited to mail his comments to John H. Haefner, University High School, Iowa City, Iowa, president of the NCSS. Your views on the proposal will be welcomed.

Report of Committee on Election Procedure

Over the years the election procedure of the National Council has been criticized because (1) only a small number of members participated in the election at the annual business meeting, (2) members who lived in the neighborhood of the convention city had undue influence in the election, and (3) a few people had controlled the selection of officers. Regardless of one's opinion

about the accuracy of these criticisms, such criticisms warranted serious study.

Since 1949 a Committee on Election Procedure has studied these criticisms. Election procedures of similar organizations have been evaluated. As a result of discussion and investigation, the Committee has recommended a system of election by mail ballot. The Committee felt that the election procedure used in the past had the decided merit of getting competent, dedicated officers. The proposed system, it is believed, will achieve this same goal. In addition, it seemed wise to use a more democratic system of election which will permit all members to participate in the selection of officers. The National Council has become a large organization. Helping all members feel that they are a responsible part of this big group could be an important outcome of the proposed election procedure.

The Election Procedure Committee consisted of Stanley E. Dimond, chairman; Ray Brown, Howard Cummings, John H. Haefner, Merrill F. Hartshorn, Jonathon McLendon, Robert Reid and Paul Seehausen.

Stanley E. Dimond, *Chairman*

Proposed Amendment to NCSS Constitution

To accomplish the constitutional change, delete all words placed in italics from present Article II, Section 4, and from Article III, Section 1. Add a new Article IV on "Election of Officers" and change the numbering of present Article IV to Article V.

Article II

Section 4. The annual *election and* business meeting shall be held in connection with the major annual meeting, which until otherwise determined by the Board of Directors shall be held in November. Other business meetings may be called by the President after due notice has been given through the official magazine or on the programs of such meetings. Meetings of the Board of Directors may be called by the President upon written notice through the Executive Secretary's office.

Article III

Section 1. The elective officers of the National Council *shall be chosen at the annual business meeting and* shall include a President and two Vice-Presidents. They shall assume office on January 1 following their election and shall hold their respective offices for the term of one year. There shall also be a Secretary of the Corporation and an Executive Secretary and Treasurer appointed by the Board of Directors.

Article IV

Section 1. The elected officers and the elected members of the Board of Directors shall be elected annually by mail ballot under procedures to be determined by the Board of Directors. The person who receives the plurality for each office shall be declared elected by the Board of Directors. In case of a tie, the successful candidate shall be determined by ballot of the Board of Directors. Ballots shall be counted by a Board of Tellers appointed by the President and the election results shall be reported to the Board of Directors at their annual meeting.

Section 2. Nominations for the election ballot shall be made by a nominating committee as constituted by the Board of Directors at its annual meeting. This nominating committee shall nominate at least two candidates for each elective office with the exception of the president and First Vice-President where one person shall be nominated for an office provided the nominees have served as First Vice-President and Second Vice-President respectively during the year immediately preceding the election. Additional nominations for Second Vice-President and elected members of the Board of Directors may be made by petition of fifty members in good standing, provided that no more than one-half of the petitioners are residents of the same state. Nominating petitions must be received by the Executive Secretary, not later than one month before the date set for mailing ballots to members. A ballot shall be prepared by the nominating committee together with a brief description of the qualifications and experience of each candidate.

Opposition to Proposed Amendment

(At the request of President Haefner, I write my reasons for opposing the proposed amendment to change the NCSS election procedure.)

I have given careful, studied, serious, and sincere consideration to the proposal, not only recently but also while I was a member of the NCSS Nominations Committee (1949-51) and while a member of the NCSS Election Procedure Committee. There is much in the proposed amendment that I find desirable. It seems to attempt to make more democratic the election of NCSS officers and directors. It proposes use of the mail ballot in an attempt to increase the proportion of NCSS members who vote for their officers.

I oppose the amendment, nevertheless, because I believe that its adoption would (1) result in one less reason for members' attending the annual NCSS meetings, (2) make it difficult for us to choose the most capable leaders as officers, (3) falsely delude us into believing we would make our elections more democratic, and (4) lead to undesirable forms of organizational politics in NCSS elections.

The proposed amendment abolishes one of the long-standing reasons for NCSS members' attendance at annual meetings. It is already rumored that a registration fee at the annual meetings is to be started soon. Added to this, the proposal would likely further reduce attendance at NCSS' largest participation-type activity. A major advantage of electing officers at annual meetings is that most of those attending usually have first-hand acquaintance with and knowledge of the candidates. The proposal substitutes a larger but less well-informed electorate for those who come to know the candidates at annual meetings. In our attempt to "democratize" our elections we should avoid, rather than adopt, the practice of voting with little or no knowledge of candidates. Our NCSS should operate as a model of reason and wisdom by conducting elections wherein capable leaders are chosen by an informed electorate.

In its provision for nomination by petition (Art. IV, Sec. 2), the proposal invites almost unlimited "politicking" by state and local organizations affiliated with NCSS. Nomination by petitions would likely result in state organizations operating in pairs to nominate the favorite candidate of one or the other in alternate years. We should avoid a nominating and election procedure which substitutes a popularity contest for a serious search for leadership. We should shun the ballyhoo and band-wagon techniques of political parties. While such political shenanigans may be proper in party politics, they would hardly redound to prestige of our professional organization. Social Studies teachers, of all groups in our nation, should practice as well as preach democratic ideals in electing officials.

Finally, I oppose the proposal because it gives NCSS members only two extreme alternatives from which to choose. I would willingly support a compromise including the mail ballot and nominations by petition for either officers or directors, but not for both. The greater number of directors would perhaps make it wiser to elect them in this fashion. If desired, each director could represent a geographic region, thus providing continuous representation of teachers in each region. Such a procedure would leave it to the annual meeting to elect officers (usually only the second vice-president each year as the current president retires and the others move up in the hierarchy). This procedure would preserve much of the merit in our present system and still allow for whatever benefits the proposed amendment might bring. The possibility of compromising in this way requires first a "no" vote on the proposed amendment.

JONATHAN C. MCLENDON, Editor,
NCSS "News Notes"

Maryland

The Maryland History Teachers Association held its annual spring meeting in Washington, D.C., on May 2. The meeting featured a tour of the White House at which a special issue of *The Historiographer* (journal of the association) was distributed that featured a description of the newly decorated White House and also descriptions of the Embassies to be visited in the afternoon. Kenneth G. Horvath, president of the association, presided at the luncheon meeting that was followed by visits to the British, French, Colombian, Japanese and Israeli Embassies.

M.M.

Indiana

The Indiana Council for the Social Studies met in Indianapolis on October 22. At the Luncheon meeting, Willard Gambold, Broad Ripple High School, Indianapolis, who has returned from a year's study under the Ford Foundation, spoke on "A Look at Economic Education Throughout the United States." The Madrigal Singers of Arsenal Technical High School, Indianapolis, presented a program of music planned by Katherine Book.

The Bloomington Citizenship Council is making plans to be hosts to all members of the Indiana Council for its spring meeting in 1954.

E.B.

All social studies teachers and social studies organizations are invited to send in materials for these columns. Send in notes on the activities of your organization or school and other items of interest to social studies teachers. Mail your material to Merrill F. Hartshorn, 1201 Sixteenth Street, N. W., Washington 6, D. C. Contributors to this issue: Maybelle Mattson, and Elizabeth Blewett.

Pamphlets and Government Publications

Manson Van B. Jennings

Public Relations Publications

One of the largest single sources of free and inexpensive materials is the public relations departments of industries, labor unions, trade organizations, and the like. These departments may quite legitimately want to promote a particular idea or public policy, or they may merely strive to promote good public relations, that is, to influence the public to be well disposed toward the organization they represent.

The American Federation of Labor has an active Workers Education Bureau (724 Ninth Street, N. W., Washington 1) that has published numerous inexpensive pamphlets. *Labor's Library* (3rd ed., 1952. 50 cents) is a 109-page bibliography of books and pamphlets covering all significant phases of the history, economics and policies of organized labor. Full bibliographical data is listed, including price and addresses of publishers. At the end is a ten-page listing of the publishers of materials on labor, and although this booklet devotes three pages to sources of audio-visual aids, the Bureau publishes separately a more useful *Films for Labor* (25 cents). Write to the Bureau for a full listing of their publications and for information on special quantity rates.

Perhaps no union has a more active educational department than the International Ladies' Garment Workers' Union (1710) Broadway, New York 19). *Health Services for the Membership of the ILGWU* is a 26-page pamphlet on slick paper and with excellent graphs and illustrations that surveys the health services of the ILGWU for its members in the Union's Health Centers throughout the nation. Other fine booklets deal with the many phases of the educational work of the ILGWU, and with the history and functions of the Union.

Just as the materials of organized labor serve the dual purposes of membership education and public relations, so the publications of the Cooperative League of the U. S. A. (343 South Dearborn Street, Chicago 4) serve similar purposes, for a strong educational program has long been one of the important planks of the cooperative movement. Their *Catalog of Co-op Literature and Films* lists educational materials on the cooperative movement to fill almost every need. All literature cited may be purchased at the League's headquarters in Chicago or from regional cooperatives listed on the back cover of the catalog; films, however, can normally be rented only from the Chicago address.

The Economic Research Department of the Chamber of Commerce of the United States (Washington 6, D. C.) has recently published *The American Competitive Enterprise Economy*, "a new economics primer" designed to "promote a better economic understanding of the American economic system." Although intended primarily for use with adult education discussion groups, this series of seventeen pamphlets should prove equally useful with senior high school students, and may be purchased individually at 50 cents each (40 cents each for more than one of the same title) or at $6 for the entire set ($5 per set for orders of more than one set). Individual titles are:

1. *The Mystery of Money*, 2. *Control of the Money Supply*, 3. *Money, Income and Jobs*, 4. *The National Income and Its Distribution*, 5. *Progress and Prosperity: Economic Growth and Social Advance*, 6. *Sustaining Prosperity: Business Cycles—Causes and Cures*, 7. *Demand, Supply and Prices*, 8. *Prices, Profits and Wages*, 9. *Why the Businessman?* 10. *How Competitive Is the American Economy?* 11. *Understanding the Economic System and Its Functions*, 12. *Spending and Taxing*, 13. *Taxing, Spending and Debt Management*, 14. *Labor and the American Economy*, 15. *Individual and Group Security*, 16. *International Trade, Investment and Commercial Policy*, and 17. *The Ethics of Capitalism*.

Materials from individual industrial corporations fall into this same public-relations category, and, continuing our review of such publications begun in the October issue, we shall note a few of them below.

Free Materials from Industry

The Educational Relations Section, Public Relations Department of the General Motors Corporation (3044 West Grand Boulevard, Detroit 2) makes available a leaflet listing its booklets that are useful for educational purposes, including six in the field of social studies and economics. Among them is *American Battle for Abundance: a Story of Mass Production* (1947. 100 p.) which begins with the development of

movable type, moves down through the story of Eli Whitney's significant contribution to interchangeable-part manufacture, and finally concludes with the development of the modern assembly line. It tells an important story of technological development and, what is more, tells it well.

The General Electric Company, through its Public Relations Services Division (Schenectady 5, N. Y.), makes available a vast quantity of material useful in the study of technology and economics. Typical titles of leaflets running from eight to 45 pages include: *The Story of General Electric Research, Motors Make the World Go Round, Edison and Electricity, The Story of the Turbine, and Steinmetz: Latter-Day Vulcan.*

Nothing is more important to economic development than our soil resources which are the basis for a sound agricultural economy and a healthy population. Mr. W. T. Schnathorst, Supervisor of the Education Services, Consumer Relations Department, International Harvester Company (180 North Michigan Avenue, Chicago 1), writes us that single copies of *Health from the Ground Up* (1946. 125 p.) and *Men and the Soil* (1945. 110 p.) will be available for distribution, for the remainder of the current academic year unless the supply should be exhausted earlier. *Men and the Soil* presents an excellent treatment of the history and current practices of soil conservation, is well illustrated, nicely organized, and gives attention most effectively to the social implications of conservation.

Our Human and Natural Resources

Manpower: the Nation's First Resource (1953. 55 p. $1) is No. 83 of the Planning Pamphlets published by the National Planning Association (1606 New Hampshire Avenue, N.W., Washington 9). It analyzes the range of the manpower problem and then focuses on manpower for the armed forces and for all-out mobilization.

But if manpower is the nation's first resource, a healthy population is a prime requisite to the solution of the manpower problem. The President's Commission on the Health Needs of the Nation has published a five-volume report, *Building America's Health,* of which volume II, *America's Health Status, Needs and Resources* (Government Printing Office, Washington 25: 1953. 320 p. $1.25), presents a tightly packed, comprehensive statistical and verbal account of all phases of our health needs and resources. The material is well organized and makes a ready reference on the subject of health and medicine in the United States, also giving attention to the financial aspects of the health problem.

Focusing on youth, the Interdepartmental Committee on children and Youth of the Federal Government has prepared a report entitled, *Youth—the Nation's Richest Resource* (United States Government Printing Office, Washington 25: 1953. 54 p. 20 cents). This report, providing some historical development, deals with teenagers in school and on the job, and with the guidance, counseling and placement services for youth.

Of very considerable importance to our welfare is the use and conservation of our forests. American Forest Products Industries (1816 N Street, N. W., Washington 6) has a *School Bibliography* of their materials on this subject. Included are printed materials, charts and posters, and films, some of which are suitable for the elementary grades.

Miscellaneous Materials

A welcome addition to the growing list of serious works available in inexpensive editions is Thorstein Veblen's classic of economic thought, *The Theory of the Leisure Class* (New American Library of World Literature, 501 Madison Avenue, New York 22: 1953. 261 p. 35 cents). With an introduction by C. Wright Mills of Columbia University, this Mentor Book reprints Veblen's challenging analysis of misused wealth first published in 1899. Even though Veblen's theory applied, in so far as it has real validity, only to a segment of the upper classes, he has nevertheless caused many Americans to take a new look at themselves and their personal display of opulence; and the term he coined in developing his his analysis, "conspicuous consumption," has since become as well understood as the concept of diminishing utility.

The National Planning Association (1606 New Hampshire Avenue, N. W., Washington 9) has now published 11 case studies to illustrate the *Causes of Industrial Peace Under Collective Bargaining.* The last of these to be released deals with the relationships between the American Velvet and the Textile Workers Union of America at the Stonington, Connecticut, plant (953. 60 p. $1). Including significant documents, this study traces union-management relations from the original period of mutual suspicion and distrust to the present period when healthy, responsible collective bargaining is the rule.

Sight and Sound in Social Studies

William H. Hartley

Film of the Month

Inflation. 21 minutes; color; sale, $200. Encyclopaedia Britannica Films Inc., 1150 Wilmette Avenue, Wilmette, Illinois.

So you're feeling the pinch of inflation! If you want to know what kind of an animal has you in its grip, here is an interesting 21-minutes-worth of eye-opener. Brother, it shows you life as it really is, even without the advantage of 3-D. EBF got together with the Twentieth Century Fund, wrote an outstanding script, started the cameras rolling, and came up with a clear, dramatic, and challenging picture which will be of interest to student and adult groups.

Inflation looks first at rising prices, declining quality of goods (this is going to make someone mad), falling living standards, and economic distress for those people living on fixed incomes. The viewer is caught in a vicious spiral involving farmers, workers, manufacturers, and professionals, and each blames the other for skyrocketing prices. But, claims the film, the real reason for inflationary tendencies is the increased supply of money without a corresponding increase in the supply of goods.

So what are we to do about it! Maybe you won't like it, but the film takes the point of view that the best short run palliative is increased taxation, while increased productivity is the only long run cure.

The scenes which show inflation leave no doubt as to the meaning of the word, and the illustrations are right out of the life of Mr. Average Citizens so that the student will have no trouble in seeing how he is affected. This film should really cause discussion. Economics taught with this film are not theoretical, they hit the student in his pocketbook and put the answers up to him and his fellows. It's good, educational, stimulating, practical, and teachable.

AUDIO-VISUAL MATERIALS FOR ECONOMIC EDUCATION

Economics, says the *Webster's New International Unabridged Dictionary,* is "the science that investigates the conditions and laws affecting the production, distribution, and consumption of wealth, or the material means of satisfying human desires." Economics teaching in too many American schools has been, like the definition, wordy, theoretical, and not too meaningful. Textbook writers who have attempted to meet the need for reading material on the secondary school level seem to be frustrated college professors whose aim apparently is to swamp the neophyte and convince him that he lives in a mysterious world controlled by laws of diminishing utility and a certain monster named Gresham. A ray of light, if not the full glow of revealing sunshine, has cracked the darkness of theory with the production in recent years of improved and improving audio-visual materials.

Films

The Encyclopaedia Britannica Films (Wilmette, Illinois) organization has recently brought out a number of films which help to make economics a practical tool to be used in understanding today's world. Take the case of their most recent production, *Competition and Big Business* (2 reels, color, $2.00). First of all, what is big business? This film illustrates how huge a corporation can get by placing it in its proper perspective alongside other forms of enterprise such as individually owned businesses and partnerships. It helps the student to weigh the moral responsibilities of monopolies and just plain big businesses by showing how they gain entry into a market and how they affect technological progress.

Other EBF films which treat economic life, and which are well worth examining, include *Distributing America's Goods* (1 reel; $50), *Distribution of Foods* (1 reel; $50), *Inflation* (2 reels; color; $200), *Industrial Revolution* (1 reel; $50), *Productivity, Key to Plenty* (2 reels; $100), *Property Taxation* (1 reel; $50).

For motion pictures that really get down to the level of the high school and even the junior high school pupil, let me recommend that you look at some of those produced by Coronet Films (Coronet Building, Chicago). Take as an example the film *What is Business?* Here the students are taken into the world about them to see how familiar objects in their homes, such as the bread on the breakfast table and the pop-up toaster,

are produced and distributed, and how business must set up an organization to supply consumer demands. The profit motive is not ignored, but it is not pictured as a vicious monster. Other titles in the Coronet series are *Banks and Credit, Capitalism, Federal Taxation, Fred Meets a Bank, Sharing Economic Risks, What Is a Contract? What Is a Corporation? What Is Money? Wise Buying, Your Thrift Habits, Consumer Protection.* These worthwhile films run one reel each. They cost $50 in black and white or $100 in color.

For the international aspects of the subject, the International Film Bureau (Suite 1500, 6 N. Michigan Ave., Chicago 2) brought out a good film a few years ago called *Round Trip.* It shows how everyone and his neighbor has a stake in foreign trade and how this trade contributes to higher standards of living and to peaceful relations with other countries. It runs for two reels and rents for $3.50 per day. Another film produced by the same *organization* is called *Stuff for Stuff* (2 reels; rental, $4) which tells in interesting animated drawings the history of trade from early man to the present time. It stresses the interdependence of people.

If you want labor's side on the question of what is justice in the world of practical economics see *Deadline for Action* (4 reels; rental, $7.50) produced by Union Films (11 W. 88th St., New York 24). This film tells who influences Congress and how they do it, at least as labor sees it. Produced in 1946 it calls for political action to gain justice. As an answer to this film, the Research Institute of America (292 Madison Ave., New York 17) in 1947 brought out a film called *Crossroads for America* (3½ reels; $75). This film tells how business has raised our standards of living, reduced hours of work, and fought Communism, at least as business sees the situation.

There are literally hundreds of other films on various aspects of our economic life. The above is a sampling intended to show the nature of the new material being made available to teachers. For a complete list of films, the best source is the H. W. Wilson Company's (950 University Ave., New York 52) *Educational Film Guide.* It lists all the films available in all areas with complete annotations and information concerning source and price. And, concerning price, don't be frightened by the prices listed for the films given above. Most of them are sales prices. The films can be rented from your local film library at an average of $1.50 per reel, per day.

Filmstrips

While in this area of seeking illustrative material for economic education, don't neglect the filmstrip. Some very good strips on all aspects of the subject have been produced. Look first at the Economics Series distributed by the McGraw-Hill Book Company (Text Film Department, 330 W. 42nd St., New York 18). This is a serious and scholarly set based upon the college text, *Economics: An Introductory Analysis,* by Paul Samuelson. The titles in the series are: *Banking and Monetary Control, Basic Economic Concepts, Business Cycle and Fiscal Policy, International Trade, Money, Price and Interest, National Income: I. Ways of Measuring, National Income: II. Taxation and Investment, Profit and Cost, Equilibriums, Saving and Investment, Supply and Demand.* The strips sell for $5.50 each, $50 per set of ten. They are definitely not for beginners.

A simpler approach to the economic structure of our nation and yet one not simple to the point of insulting the intelligence of high school students is *Uncle Sam's Budget* (sale, $3), produced by Film Publishers Inc. (25 Broad St., New York 4) for the League of Women Voters. See also the *New York Times* (Office of Educational Activities, 229 W. 43rd St., New York 18) strip called *U$A—The Budget and Taxes* (sale, $2). The *New York Times* produces 8 strips per year on current topics and subscription to the series is but $12.

An interesting idea for discussion in class is contained in the Congress of Industrial Organizations (Film Division, Department of Education and Research, 718 Jackson Place, N. W., Washington 6, D. C.) filmstrip entitled *Guaranteed Wages the Year Round* (rental, $5). Also see the Wayne University (Audio-Visual Bureau, College of Education, Detroit 1, Michigan) strip on *Mass Production.*

Book Reviews

THE AMERICAN WAY: THE ECONOMIC BASIS OF OUR CIVILIZATION. By Shepard B. Clough. New York: Thomas Y. Crowell, 1953. 246 p. $4.

Social studies teachers should know the structure of our economy and how it operates. Historical perspective is required for such an understanding, and this need is well filled by Dr. Shepard B. Clough's *The American Way,* a small book of two hundred pages, which describes with supporting statistical data the role of the various factors of production, land, labor, capital, and management have played in the economic growth of the United States, "an achievement of unsurpassed economic well-being."

Economic growth is analyzed by the writer in terms of the increasing share of industrial production in the national income (from 1869-1879, manufacturing accounted for 13.9 per cent of the national income, and in 1950 for 30.7 per cent), and in terms of the increasing productivity per laborer (from 1870 to 1939-41 productivity per industrial worker increased five times, and by 1937, the industrial worker in the United States could turn out three times as much as the British or German employee).

The author gives as basic to the economic growth the great abundance of natural resources: fuel, minerals, and organic products, such as timber, cotton, etc. These resources were exploited by waves of immigrants, never too many though to put undue pressure on the resources. Since labor tended to be scarce, industry was urged toward efficiency in machines and management.

The mobility of the population contributed greatly to the economic development. The country was opened up quickly, and as it became more industrialized, the population moved with relative ease into the urban areas. This urbanization was itself a stimulus to economic activity, for it was accompanied by an increasing division of labor. Also, it led to the spread of urban patterns of behavior, a taste for urban goods, and to the standardization of consumer goods. In regional depressions due to technological unemployment, labor moved to other areas.

Large scale savings resulted in fast capital formation, necessary to build industrial machinery. The high rate of savings and investments provided American workers with a larger investment per capita than in any other of the major economies, and with the means for the most efficient use of their energies and talents.

Mass education made possible skillful operators of machines, and the absence of class rigidity gave possibilities for workers to rise to higher positions, thereby guaranteeing dynamic business management.

The relative flexibility of the system (labor's urge toward a greater share in productivity, business' growing realization of its public responsibility, and government's contribution through policies of progressive taxation, social security, and full employment) assured an increasingly equitable distribution of the benefits of the growth of the economy.

The author's style is lively and rewarding of much factual data. The reader should be alerted, however, to such phrases as "with all due respect to," "in general," "in spite of," in these telescoped, enthusiastic lectures, since behind them lie a series of unsolved problems our society still faces.

LAWRENCE SENESH
Joint Council on Economic Education

A CREED FOR FREE ENTERPRISE. By Clarence B. Randall. Boston, Mass.: Little, Brown and Company, 1952. 177 p. $2.75.

Clarence B. Randall, President of the Inland Steel Company, has written a book about American business which social studies teachers ought to read for the lifting of their hearts. It is called *A Creed for Free Enterprise,* and it presents with clarity and vigor Mr. Randall's personal faith that "The free enterprise system of production, carried on within the political climate of democratic freedom, is the social system which has brought the highest degree of welfare to the most people."

One man's statement of that faith might be discounted, but Mr. Randall is an exceptional man. He speaks with the authority of one who has gained high success in business; he writes with power and he does not hesitate to tell businessmen what they might and should do, beyond succeeding, to make business serve increasingly the social system which has opened paths for it to follow. Futhermore, there is evidence that Mr. Randall speaks not for himself alone, but for

many who feel his faith and act upon it—or want to and try to—but need the very affirmation, encouragement, and stimulation his book provides. There is, in fact, a growing literature on free business enterprise as an agent of human welfare. Peter Drucker, in an admirable article in the most recent issue of the *Yale Review*, cites a number of books (like Frederick Lewis Allen's *The Big Change* and Mr. Randall's own volume) which show that business, in America and elsewhere, is no longer blind to its social obligations or its own social significance. It was never true that all businessmen were blind to everything but their own personal gain; but, as Mr. Randall says, "The next generation of businessmen will be more articulate" and will recognize more clearly than their predecessors, that "Free enterprise is not a hunting license."

Social studies teachers who take a dim view of business because they know too little about it, or because they see most clearly its mistakes and faults, will gain both clearer insight and stronger hope from *A Creed for Free Enterprise*.

HENRY W. HOLMES

Cambridge, Massachusetts

ECONOMIC FORCES IN AMERICAN HISTORY. By George Soule. New York: Dryden Press, Inc., 1952. 568 p. $4.75.

The splintering effects of specialization are so great that the historian and the economist have plied their separate crafts with increasing independence, or ignorance, of each other. Mr. Soule has made a valiant effort to oppose that separatism.

In his Preface he states the thesis so acceptable to the historian: "To understand the complex institutions which exist today and the problems with which the American people will struggle tomorrow it is necessary to know something about how the institutions developed and about how similar problems were confronted in the past." This commitment to developmental history carries with it the necessity of defining those aspects of the present which are so important that their past is worth studying. If his choice of "major strands of economic development" is subjective, at least the arbitrary nature of the choice is made plain.

Seven such strands or themes create the skeletal structure of the book: national capitalism, land and farming, transportation, the American industrial revolution, the people who did the work,

money and its management, and the growth of the economy. In Part I, which is entitled "Before 1900," the first two chapters are introductory and the next seven deal with these themes as they manifested themselves in the eighteenth and nineteenth centuries.

Part II, "After 1900," receives more than 60 percent of the space because the author desires "to illuminate the current scene" and because of "the steadily increasing complexity of the economic process." The themes are traced with greater detail and a fuller analysis, and Mr. Soule has solved the historian's dilemma of chronological or topical organization by using both. After presenting his series of vertical columns through time from 1900 to 1950 (chapters 10-16), he begins again at 1900 and in the last four chapters tells the story as it unfolded, in horizontal sections through time.

Mr. Soule writes with real ability, combining authority with clear, understandable prose. There is a sufficiency of supplemental and illustrative material, such as maps, charts, graphs and statistical tables, and the bibliography has been carefully selected and annotated.

A list of "Suggested Topics for Papers or Discussion" indicates that the author expects his book to be used as a textbook; certainly it does not fit conventional courses in either history or economics. Perhaps the best use is suggested in the Preface: "And for students it can help to round out courses in economic principles."

One final caution to the reader: Don't judge the book to be superficial on the basis of the Outline of Chronology in Chapter Two. The depth steadily increases from there to the end.

S. P. McCutchen
New York University

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The Origin and Development of the American Economy. By E. A. J. Johnson and Herman E. Kroos. New York: Prentice-Hall, Inc., 1953. xii + 420 p. $5.

This book is an outgrowth of a previous little book by E. A. J. Johnson in which he dealt with the origins of our economic world. The expansion of this book by the two present authors follows a belief that "meaningful economic history must be interlaced with economic theory" and that a real appreciation of our economic system can only be achieved by understanding "the his-

torical forces that have shaped our economic institutions and moulded our ideas on public policy."

The authors set a goal for themselves in the book by trying to answer three questions—"Where did this system of production come from? How was it gradually put together into an integrated whole? Why did it reach its most effective development in the United States rather than on some other continent?" Each contributes to the answers—Johnson in the first seven chapters dealing with the origins of the basic institutions of the American economy and Kroos, in the eight chapters dealing with the growth of our economy.

In Part I the author has avoided purposely any encyclopaedic approach. His technique is one that could well be followed in teaching. Major turning points in economic development were carefully selected in order to ascertain "how new economic institutions came into being" and how they became accepted parts of a culture.

Part II carries on from here in describing how the institutions developed in Europe were adapted to the American scene and the new creations which were added by the citizens of this country to their inheritance. It is quite interesting to note that the authors consider the Colonial period of American history as a "transference period" for the basic components of our economic system.

Special mention should be made of the emphasis given to technology. This is perhaps one of the most neglected areas in economic research, and it is worthy of much greater treatment from the economists. The "Beginnings of Scientific Technology" are described in Chapter 4, and in Chapter 8 the reader is treated to a clear-cut and penetrating examination of the benefits of technological advance, as well as to an explanation of the psychological and environment forces that brought about the great American expansion of this phenomena. The automobile industry is used to illustrate the effects of technological improvement. The authors avoid debate on the relative advantages and disadvantages of technology in terms of social benefits, but rather leave it up to the reader to draw a conclusion from the mustered facts.

The various sectors of our economy are treated in like manner—business, labor, agriculture, banking, and government. One chapter is devoted to the economic consequences of war and its effects on the sectors mentioned above. The authors conclude that our history shows that "Peace and

preparedness had a much greater effect than war on the remarkable economic development which the United States has experienced." This is most pertinent when applied to the reaction of business to the armistice in Korea.

This book is a worthy addition to the economic bookshelf of the adult population. It should be welcomed by secondary school teachers for classes in American History and Problems for its clear explanation of an area so often considered beyond the level of these students.

M. L. FRANKEL
Joint Council on Economic Education

THE BIG CHANGE: AMERICA TRANSFORMS ITSELF 1900-1950. By Frederick Lewis Allen. New York: Harper and Brothers, 1952. 293 p. $3.50.

Any ordinary mortal would have risked, and probably lost, his soul in compiling a one volume informal history of the last fifty years in the United States. But Frederick Lewis Allen is especially blessed; he has turned the trick and written what the cover blurb calls "a new and hopeful kind of history." It is new and hopeful both in its effortless prose and the arrangement of its content in terms of sweeping innovations: economic, social, political, and philosophical.

Mr. Allen's technique is to take two points in time, 1900 and 1950, and to describe the state of being in those years. The emphatic difference between the beginning and end of the time line is a measure of change. More often than not, it is a measure of qualitative "change"—shifts in the distribution of income and consumer habits, leavening of social barriers and class dress, radically new government policies toward business and labor, and, what Allen has pointedly stressed, the growing awareness of the American conscience. This awareness has recently been given clear expression in the demands for public responsibility. For instance, the majority of Americans agree that a depression should not go unchecked again and they further agree that the government must be head watchdog. This sentiment would have been unthinkable and perhaps subversive thirty years ago; the American people had to grow up to it and the price was harsh experience.

If Mr. Allen allows us a fore and aft glance, he has his eye fixed on those forces which conspire behind the scene to produce change. It isn't enough to point to tangible differences between mid and early twentieth century living. The day is won only when you answer the whys of these differences and in this, Mr. Allen has rendered his greatest service. Speaking of the rise in the standard of living, the diagnostic trait of our times, he relates with confidence the economics of such growth. He hails the progressive income tax as the most important statute of reform in its day—not really a dangerous value judgment, but a value judgment nonetheless. Allen is not neither an economist nor a sociologist. From his perch as former editor of *Harper's Magazine* he might be considered vulnerable to the purist's barbs. And yet he offends nobody; he uses the whole body of the social sciences deftly, not as a belligerent expert out to break a lance but as a cautious student who is sworn to good behavior.

His success should be a cue to many, especially teachers, that the compartments of specialized knowledge have unlocked doors and that you may take away with you all or as much as you come to get.

HOWARD N. ROSS
Joint Council on Economic Education

THE AMERICAN ECONOMIC SYSTEM. By Edwin Vennard and Robb M. Winsborough. Evanston, Illinois: Row, Peterson and Company, 1953. 96 p. $1.

This small paper-bound book should be very useful to teachers who can make available to their students a wide variety of materials. Used alone, it would leave the student with the impression that "everything happens for the best in this best of all possible economic systems." Used in conjunction with materials that present a rational, objective account of the various problems that beset our economy, it should prove an excellent addition to student reading in economics.

Its purpose is indicated by its title—to present a picture of the American economic system, how it developed, how it works, what it has accomplished, what must be done to keep it strong.

The book's strong features are (1) an exceptionally logical and easily-followed organization of the economic content, (2) a fine use of visual devices to back up an equally fine job of writing, and (3) an extensive use of factual materials to describe the operation and performance of the economy. It would be valuable as a sourcebook, even without its other advantages. This book could be read with understanding by students from about the sixth grade on.

The fact that the orientation of the book is frankly and enthusiastically pro-free enterprise should not prevent it from being used in a country that is still committed to a free enterprise type of economic organization. In fact this kind of vivid portrayal of the unquestionably amazing productivity of our economy under this system would seem to be a necessary part of a well-rounded program in economic education. No teacher need hesitate to use it if the students can be exposed as well to the other part of a well-rounded program.

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ECONOMICS FOR YOU AND ME. By Arthur Upgren and Stahrl Edmunds. New York: The Macmillan Company, 1953. vii + 246 p. $4.00.

Perhaps there are some teachers who will not want their students to use this book—those few who think it a cardinal sin to use in school or college a book that is not a text. For this is not a text; it was not written primarily for school use; it was not meant to be "studied." All of which will recommend it to students and teachers who are willing to take their learning where they can get it, without worrying about form. *Economics for You and Me* was written for intelligent adults who might want a readable and palatable introduction to the subject.

This book does not "cover the field." That may be a weakness; to this reviewer it is an asset. A major difficulty with most books on economics, especially textbooks, is that they try to say too much—and they say it in ponderous tones and academic verbiage, with copious and cumbersome definitions and the enunciation of many, many "laws." *Economics for You and Me* selects only a few major topics and discusses them informally. The familiar forbidding-looking graphs are here simple, even amusing. Scintillating line drawings by Roger Bradfield lighten up the pages and point up significant ideas.

Here is an example of how the authors handle definitions of standard economic terms—and of how they poke gentle fun at their professional colleagues at the same time that they make an idea clear: "You buy things to eat and wear out. These are called—by economists who like impressive-sounding labels—'non-durable goods' or sometimes 'soft-goods.' You buy things to stand around, these don't wear out, at least not very soon. They include such things as furniture for

the home, equipment and appliances for the home, and automobiles. Economists call these 'durable goods' and sometimes 'hard goods.' . . . A retail store needs something on hand to sell, and a factory must have raw materials to work on. Again the economists are ready with a term, 'business inventories.'"

This book is not objective; it has a point of view. Upgren and Edmunds obviously believe the economy which has developed in this country in the last twenty years is a very good one. The redistribution of income is all to the good; the national debt in and of itself isn't going to ruin us. Materially, the United States has realized man's age-old dream of "enough for all." In fact, the authors believe our very economic success is our greatest economic weakness; consumers can virtually stop purchasing "hard goods" without seriously interfering with their standard of living; yet such curtailment could produce a depression. The authors accept the increasing role of government as one of our economy's most important producers and consumers.

Upgren and Edmunds believe in private enterprise, although it is probable that some of our more vociferous exponents of "private enterprise" would not think so. In fact, the authors believe the only way private enterprise can be preserved is for John Doe to understand our economy. In the last analysis, it is John and Mrs. Doe who make the economic decisions which count—or the political decisions which dictate the economic ones. Hence they devote much attention to economic analysis and prognostication. They give many suggestions as to how even amateurs can evaluate economic trends and judge the economic effects of developments in various aspects of society. Here is an example: The key to economic analysis is supply and demand. Demand fluctuates more sharply than supply. Watch income distribution and who buys what in given periods of time and you can "guess" economic trends for the next period. "If you can understand the purchasing power of the American people and judge its future flow, you will be a most valuable citizen in the fight against both poverty and inflation."

Should, perchance, anyone get the idea that a book such as this couldn't have been written by "serious" and qualified economists, a word about the authors seems called for. Arthur Upgren is Dean of the Amos Tuck School of Business Administration of Dartmouth College. He was formerly professor of economics at the University of Minnesota, Vice President of Minneapolis Federal Reserve Bank, a director of several companies, and has served the United States government in several capacities. Stahrl Edmunds is senior economist for the McGraw-Hill Co., the nation's largest publishers of technical books and especially books on economics and business. He has lectured at the University of Minnesota and was formerly economic analyst for the Northwestern National Life Insurance Co.

This reviewer has wondered for a long time why books on important topics couldn't be written clearly and interestingly and why, when they were, they couldn't be used in the classroom in place of stodgy, "comprehensive" texts. Here's an interestingly written book on economics. At least one teacher is going to use it.

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A TRADE AND TARIFF POLICY IN THE NATIONAL INTERESTS: A REPORT TO THE PRESIDENT BY THE PUBLIC ADVISORY BOARD FOR MUTUAL SECURITY. Washington, D.C.: Government Printing Office, Superintendent of Documents, February, 1953. 75 p. 40 cents.

No subject is more important to the nation and to the world at the present time than the foreign economic policy of the United States. This country is an economic colossus, producing almost half the world's manufactured goods, and acting as the principal source of investment funds, economic aid, technical assistance, and military supplies for the free world. What we do or do not do in the field of world trade and finance affects the pattern of economic and political developments everywhere, as well as our own welfare.

This Report is the result of six months' study of our trade and tariff policy by a non-partisan board of distinguished citizens headed by former Under-Secretary of the Treasury Daniel W. Bell. The over-all conclusion, to quote the opening paragraph of the first chapter is that:

> "There is an urgent need for a new United States trade and tariff policy. The trading regulations of this country are governed by a collection of flaws, programs, and administrative procedures that do not meet the needs of the present situation and that are frequently in conflict with one another. What is necessary now is a trade and tariff policy in the national interest, not one designed merely to protect small groups of domestic producers from competition from abroad."

The Report points out that for many years the dollar earnings of most other countries have been insufficient to pay for their imports from this

country. This situation has been dramatized as "the dollar shortage" and has been largely met since World War II by the United States providing $35 billion in foreign aid. This country will not continue foreign aid indefinitely, and, if we do not take measures soon to facilitate an increase in imports, our exports will fall with serious consequences both for American industry and agriculture and for the economies of other free world nations who need our goods for their welfare and defense.

A partial answer to this problem of imbalance in international payments is to be found on both sides of the Atlantic. Europe, for example, must make available to the United States quality goods at competitive prices, primarily through increased productivity. But the Bell Report's primary concern is with our policy. It points out that our tariff on many industrial imports is still high in spite of reductions in recent years, that we impose quotas and embargoes on many agricultural imports, and that the whole procedure of importing is surrounded by so much red tape and administrative complexity that it almost defies description. It recommends a simplification of the tariff law and customs procedures and a lowering of duties in order to facilitate the entry of more imports. The specific changes recommended should result in an increase in imports over a 3-5 year period of somewhere between $700 million to $1 billion. This would not "solve" the dollar payments problem but it would be an important step in the right direction, particularly if accompanied by other measures such as a revival of international investment.

An important feature of the Bell Report is that it does not sheer away from the problem of what an increase in imports might do to domestic employment. It admits that some businessmen and farmers would be hurt and some workers lose their jobs through increased foreign competition. But it claims that the adjustments necessitated would be far less than are constantly required as a result of such internal developments as technological progress, changes in demand, and shifts in the geographic location of industry. In any case these adjustments will be less painful than the ones we will have to make if we experience a reduction in exports as a result of *not* admitting more imports.

In essence then, the Bell Report asks that the

continuing national interest (including defense) be made the overriding consideration in the formulation of U.S. commercial policy,—that this not be subordinated to the immediate interests of a variety of special industrial and agricultural groups.

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